

MARCH, 1953



Kansas City—The Heart of America

SHOWN ABOVE is an airview of downtown Kansas City. By the yardstick of major enterprises, Kansas City is the nation's most diversified city. It derives its wealth from wheat, corn, livestock, oil and lumber. To this must be added transportation by rail, air and highway and a vast and surging development in the field of manufacture.

From a little river-front town with wide mud cuts for streets, Kansas City has developed into a sprawling, teeming, twentieth-century city of many facets. At the western boundary of the state and the confluence of the Missouri and Kaw rivers, this geographically centered city is one of rare beauty and at the same time, a workaday world of vital factories, giant oil refineries, busy railroads and roaring planes, skyscrapers, grain elevators and bawling stockyards.

A natural terminus and reshipping point for livestock, Kansas City has long been recognized as the center of the livestock and agricultural market of the United States. Its healthy and expanding meat industry is regarded as essential for the strength of a growing America and its importance as a meat packing center is shown by the fact that it ranks second in the nation as a livestock and meat packing center.

Located on the eastern boundary of the nation's largest wheat producing state, Kansas City ranks first in the country as a cash wheat market and as a primary wheat market. It is second in grain elevator capacity. In flour production, it occupies second position in the nation. Located in an area ranking high in agriculture in widely varied categories, it is not dependent upon one or two

crops but enjoys a prosperity derived from numerous dependable and fundamental sources.

Kansas City has become one of the world's principal wholesale markets, with an annual volume of approximately three billion dollars. Enjoying unusual accessibility to all parts of the country, Kansas City is served by 12 major trunk line railroads, 6 airlines, 14 bus lines and 147 truck lines. It is also making rapid strides in manufacturing. There are more than 1,300 manufacturing establishments in the metropolitan area. More than 108,000 persons are employed in these manufacturing activities at an annual payroll of 218 million dollars. More than 20,000 persons are employed in firms manufacturing only food and kindred products.

Further proof of the city's versatility lies in its rank as second among the producers of walnut products in America and its outstanding over-all position in the lumber industry. As the heart of a great agricultural area, it is natural that Kansas City should rank first nationally as a distribution center of farm equipment. As a motor car assembly city, Kansas City is forging steadily ahead.

Its retail areas enjoy national prominence as being among the most complete and most beautiful in the country. This century-old metropolis is also a home city with residential sections generally recognized as the most beautiful in America.

Kansas City is the home of the Retail Credit Association of Kansas City, the eleventh largest unit of the National Retail Credit Association with a membership of 658 as of February 17, 1953.

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The National Retail Credit Association contributes this space monthly as a courtesy to its members of the Associated Credit Bureaus of America.

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Yet, the astonishing thing is

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NATIONAL RETAIL CREDIT ASSOCIATION

375 JACKSON AVE. . . . ST. LOUIS 5, MO.

One Cycle Control at Harzfeld's

SAUL D. KASS, *Comptroller, Kansas City, Missouri*

OCCASIONALLY a revolutionary idea is advanced to reduce expense and increase efficiency. Cycle billing was such an idea. We dare say that all stores going to this method have found savings in many ways. However, one of the bugaboos has been in balancing the cycles. Some stores had 16 controls and others 150.

In any event, mis-sorts are quite a problem and something that is difficult to overcome. Peculiarly enough, the efficiency of the alphabetizer has little effect on mis-sorts. Why? Salespeople write in a customer's name and it is not often that they spell the name back to the customer. You say that use of Charge-plate or similar devices will reduce this. Granted, but not many stores get more than 40 per cent usage. Consequently, as you all know so well, customers' names are spelled in most unusual ways that really tax the ingenuity of the credit manager.

The result is a mis-sort and you cannot just put the salescheck where it belongs. Instead the salescheck must go to the control clerk who credits one cycle and charges another. The volume of mis-sorts is great enough in most stores that it requires a full-time person to correct them and this costs money.

After the posting it is necessary to balance to the controls which have been kept in most instances by still another person. And you usually check the posting against the proof sheet too. If the control does not balance, then starts the laborious task of finding the error. And what happens? Unless you are lucky you may find your mailing schedule is behind.

Fortunately, a revolutionary idea comes along and it did! Three years ago the Fair Store, Fort Worth, Texas, came up with the one cycle control. Later another store developed the two control system. We are of the opinion that one control is best adapted for the quality of personnel that is available today, and will, in addition, give the greatest saving in expense. However, after three years it is a brave store indeed, that has switched to the one cycle control.

Apparently, retailing is going through the same period of watching that occurred when cycle billing started. Even today many firms, more than you realize, have failed to accept cycle billing. This is difficult to understand particularly when our expense ratios are on the upward trend. We have not yet heard a firm state that the change to cycle billing did not result in a saving in expense and increased efficiency. We even know of firms with only 5,000 accounts who have found many advantages in cycle billing. But there is no need to discuss cycle billing, as this has been thoroughly discussed in your meetings and magazines.

Here is how one cycle control works at Harzfeld's. One control is set up for all customers' accounts. Employee accounts are kept in a separate control and the same is true for our branch stores since they are not located in the city. In case of a mis-sort the salescheck is merely filed in the proper account unless it belongs in the employee section. Saleschecks and other media can be moved at random without control records being made. Sales audit still sorts saleschecks by cycle and prepares a total by cycles but this is done only because a total has

to be obtained anyway to prove the total of the saleschecks to audited total.

The controls that are kept take about five minutes a day to record and are quite simple. They consist of two sets of records which must balance with each other. One is a control according to cycles. In this control, columns are set up on a 14 column worksheet for customers' accounts, employee accounts and branch store accounts. There is a debit and credit column for each of these headings. Entries are made daily from records supplied by sales audit. At the close of each day it is possible to know the balance in each heading. Actually, this is done at the close of each month. The second record, also kept on a 14 column worksheet, consists of a daily entry showing the total charges, credits, payments, transfers from will call, journal entries, etc. This information is also supplied by sales audit on an envelope in which the tapes supporting the entries are kept. Once a month the two records are balanced and will show the outstanding accounts receivable.

At this stage you are probably wondering if we throw internal auditing to the winds. True, we have taken a gamble but we still provide some checks and balances. The Fair added all saleschecks and credits just before posting and balanced this total against the posting proof sheets. This to us was too time consuming and did not eliminate the checking bugaboo. So we did this: After posting we had a girl take the statements and media to an adding machine. A comptometer could be used. She added the actual saleschecks and subtracted the credits and payments, then added in the pickup to arrive at a total. This must agree with the balance on the statement. As soon as corrections are made the batch can be photographed and mailed.

This system is much faster than the visual check we formerly used and which is used by most stores. It is also more accurate as more errors are discovered. On the visual check the operator's head is going back and forth and it is not physically possible to do a good job. If you doubt us, sit down and do it yourself.

Reduction in Mailing Time

It permits statements to be mailed as early as the second day after the close of the cycle and mailing is completed on the third day. This is from one to two days faster than before. Formerly, we were the only cycle billing store in Kansas City to maintain a mailing schedule. Naturally, we find it easy to stay on schedule. During September and October we changed over from Remington Rand Kardex to Craig Vertical and despite the confusion were able to stay close to schedule. Pickups are balanced as before. This is a simple process and takes little time.

How then do we balance? In July and again in February we will add all media on a Saturday and Sunday. The cutoff is arranged so that one cycle will just have been billed. Thus, on this one cycle the total will be available from the proof sheet. The totals will be checked against the control. In July we were over \$350.00 which hit our prediction on the nose. The next run was made February 14, 1953.

"Vive Les Credit Women"

PATRICIA M. SMITH, *Credit Manager, Shukert Fur Company, Kansas City, Missouri*
President, Kansas City Credit Women's Breakfast Club

TODAY in the "Heart of America" 123 hard-working women move forward, in unison, in the endeavor of credit, forming the largest Credit Women's Breakfast Club of North America. They are proud of this fact. Seventeen Presidents ago the group was small but the zeal was so great that continued growth was imminent.

There is no magic formula for the success our club has thus far enjoyed. Initial organization required lots of drive, imagination, initiative and perseverance. Teamwork was, and is, an essential factor. How well the group works together depends on the spirit of friendship developed within it. Pleasantness has no substitute. Each member wants to be acknowledged as an individual and considered and treated with respect. An interest in her point of view oftentimes benefits the organization. This member not only joins but participates and the club is richer.

Real enthusiasm demonstrated by the leaders can impart a spirit, to the members, which becomes contagious. Once this contagion infects the group success is inevitable. Our standards have been set high to induce outstanding accomplishment. We continually work toward this goal.

It is a foregone conclusion that employers recognize and praise the achievements of the breakfast clubber. By her constant thirst for knowledge, which is appeased by the educational programs, she becomes a more valuable asset. Of course, there are some girls more thirsty and others more quickly appeased. The former are char-

acterized by their enthusiasm for their work. They keep their mental muscles supple, they think clearly, quickly, creatively, and decisively; on their shoulders will ultimately fall greater responsibilities. The latter are content with a smaller store of knowledge and a lesser amount of responsibility.

All credit women should strive to avoid becoming the victims of mental anemia as described by Samuel Hofferstein in the following quotation:

"Little by little we subtract faith and fallacy from fact—the illusory from the true and starve upon the residue."

Cultivate skill in handling people. Today few talents are so promptly recognized or so quickly rewarded. Progress, especially in the credit field, depends upon it.

Was this astute old Chinese proverb written with credit people in mind?

"Fool me once—shame on you.

Fool me twice—shame on me."

If we could hold a mirror up to the life of the Kansas City Credit Women's Breakfast Club the reflection would prove gratifying as well as challenging to the leaders in the ever approaching future.

The success of our club, or any club, is, was, and always will be dependent upon the enthusiasm, interest, and cooperation of its members. *Vive la Faith, Vive la Vision, Vive la Courage.* ★★★

What are the savings? A \$250.00 per month control clerk is no longer necessary. A person already in the department spends just a portion of her time in adding saleschecks, taking care of branch stores, etc. Thus, there is a saving of one and one-half people. No longer do we worry about balancing a cycle. Instead, our effort is directed to get the statement to the customers. This may account for the fact that our collection percentage is down only one per cent in 1952. This is much better than the Federal Reserve figures for our district and for the nation. Keep in mind, too, that during the change-over, which lasted eight weeks, no collections were called. A better authorizing job can be done as hold-backs on the cycle being posted can be filed from one to two days earlier than before. We feel that the ease of handling mis-sorts will eliminate lost saleschecks and reduce our shortage. One store using this system had but \$140.00 shortage in six months.

Herman Radolf in a recent issue of *Women's Wear* discusses the statements by Alfred Mayor, head of the Systems Division, S. D. Leidesdorf & Company, concerning one and two cycle control. Mr. Mayor is definitely opposed to it, saying that it lets the bars down too far. He recommends a 20 control system saying the additional work is worth the effort. We agree that a 20 control system is no more work than the two control system but a saving of \$3,900.00 annually plus the other benefits cited make the one control system worth while. Apparently, Mr. Mayor feels there is a lot of work to get a one control indicating that he may not be familiar with a system similar to the one we have described. In-

cidentally, we know of one firm in Washington, D. C., whose only check is a visual check while photographing, thereby eliminating the adding machine operation, and this is the store that had only a \$140.00 shortage in six months.

Mr. Mayor indicates that under the one and two cycle control there must be good supervision. This is true of any system. However, Mr. Mayor is not worrying about the stuffing clerk. Instead, he is concerned with the person in authority who might stoop to manipulation through extraction of saleschecks, mishandling of refunds, etc. As to the latter, absolute control of credit books plus the missing salescheck audit eliminates this possibility. As to the former, restricting personnel who have access to the files, prohibiting unauthorized removal of media (cause for dismissal at Harzfeld's) plus real supervision pretty much take care of this possibility.

In conclusion, we would like to quote from an address on merchandising risks in style goods made by Louis A. Baum, General Manager, Kline's, Detroit, Mich., "There is no greater gamble, there is no greater game of chance, than the game of retailing. If you are afraid to take a chance; if you don't like to gamble and if you can't play the game to win, then stay out of the retail business."

As was so aptly stated by Robert Whiteman at the 1952 Controllers' Congress in New York, "Calculated risks can step up those profits." Certainly we must take calculated risks if we are to combat the higher expense ratios of today and the time to do it is today, not tomorrow. ★★★

Eliminating Credit Card Fraud Through Publicity

H. M. BARRENTINE, Retail Credit Manager, Skelly Oil Company, Kansas City, Missouri

FOR YEARS we were plagued with fraudulent use of our credit cards. While lost and stolen credit cards contributed their share, the majority of fraud instances were committed by persons to whom the credit cards were issued, through excessive purchases beyond any reasonable requirement. Such purchases usually involved high priced items such as tires, batteries, sun visors and other miscellaneous automotive equipment.

Reviewing a fraud's credit report, he does not appear different from the average applicant even to the credit man. The credit report is usually limited, lacking in antecedent information. As a general rule such parties start out immediately with excessive fraud purchases upon being issued the credit card. We have experienced some cases, however, where the party has had a card as long as a year before starting the fraud. Those who start immediately it is clear what their intentions were, while the others we are inclined to think either were biding their time, establishing themselves, or were of low moral fiber when financial problems arose.

We have always maintained a policy that merchandise must be installed on or delivered into the automotive equipment. Investigating and checking back with the service station operators, we would develop many and varied stories surrounding a fraud delivery. Some service station salesmen would be frank and say that they had, at the customer's suggestion or proposition, given him cash to help him along his way and had written up a charge ticket for merchandise not actually delivered. Most of the service station operators admitted that they did not install the merchandise, that the customer threw it in the back of his car and proceeded on his way. Further investigation developed that the merchandise was sold to another operator down the highway at a reduced price.

To examine a single fraud item, which for instance might be from one tire to a set of tires, such a single charge would appear in line with credit card policy. Credit card accounting procedure followed by Oil Companies does not bring to the Credit Manager's attention, excessive purchases until the month's end. Instead of posting the items, they are filed in a folder by customer and totaled at the end of each month. It is not until the bookkeepers prepare monthly statements for customers that the credit man's attention is drawn to a sizeable balance and an investigation of the account is made. A review of the accumulated purchases would show 20 to 30 tires and sometimes more, 15 to 20 batteries, and 20 to 25 sun visors, each purchase made at a different service station. It is then clear what has happened.

A few of our major frauds of this type have amounted to several thousand dollars and as high as \$6,000.00 over a period of 15 to 35 days. We could take a map and trace the route of the fraud purchaser, traveling up one highway and down another, purchasing from every service station operator who would lend him an ear.

After accumulating many investigations, it seemed clear that a pattern was established. First, the party was a "stranger" to the service station operator; second, he was

a smooth talker with a convincing story, or in other words, playing the old confidence game; third, our service station salesmen were being "taken in" by that "stranger" and our service station salesmen were no match for this confidence type operator.

Petroleum Company service station salesmen are first of all instructed to be helpful and friendly to the traveling public. In spite of the many and varied stories that our investigation would bring to light, there appeared a pattern that our service station salesmen in the vast majority of cases were trying to extend help to "that stranger" in temporary financial stress.

Believing that the vast majority of service station salesmen are honest and wanted to do the right thing, in early 1952 we compiled a list of several of our 1951 outstanding frauds. This list contained the actual stories as told us by service station salesmen who had been "taken in" by that "fraud stranger" and this list was distributed to all of our service station operators.

Thinking had prevailed up to this time that by giving service station salesmen fraud details we would be sowing unsavory seeds in their minds. We pondered long before deciding to inform our service stations about various fraud details. Our decision to publicize fraud information was based on the clear belief that fraud purchasers were already sowing the seeds for us and by forewarning with the truth about such strangers with a proposition, the service station salesmen would be able to recognize them. We further reasoned that a small number of service station operators who would cooperate with the fraud purchaser would come to know that we were awake, and that they were putting nothing over on us.

Each new service station operator is given the information at the time he checks in to the service station. We are now completing our first year of keeping service station salesmen informed and so far we have not had one single fraud purchaser able to put over his story in our marketing territory.

Credit Card Interchange Arrangements

We, like many of the Petroleum Companies, have credit card interchange arrangements with other Companies. It is amazing to note that since our publicity, a fraud purchaser will travel through our marketing territory without being able to practice fraud and immediately begin making fraud purchases upon entering interchange company territory. They will again travel back into our territory and the frauds will stop. This appears clear proof that when the vast majority of honest service station operators are informed and forewarned, that they are ready and willing to help us eliminate this fraud problem.

No doubt in the ensuing years we will encounter a few instances where a minor number of unscrupulous service station operators will be "taken in" or cooperate with the fraud purchaser. But, on the basis of our experience, we are convinced of the good that has come to ourselves and our dealers in eliminating the fraud parasite. ***

The Retail Credit Association of Kansas City

DOROTHY FOSTER, Credit Manager, Duff and Repp, Kansas City, Missouri
Past President, Retail Credit Association of Kansas City
Past President, Credit Women's Breakfast Club of Kansas City

THE RETAIL Credit Association of Kansas City was organized in April, 1918 by a group of men who felt the necessity for an exchange of credit information among themselves. They organized the Bureau in the fall of 1918, and in 1921 it was incorporated as the Merchants Association Credit Bureau. At that time the principal users were the downtown retail stores.

In 1922 the Association had 64 members. The Bureau in 1922 had 14 employees, used 738 square feet of floor space, had 9 telephone trunk lines and 15 direct lines. Cards in file numbered approximately 275,000, and the total reports made during the year were 44,860.

To show the great growth of the organization, we compare the figures for 1952. Membership has increased to 670; 156 employees are on the payroll, and about 12,000 square feet of floor space in use. For communication we have 45 trunk lines, 30 direct lines, 10 TelAutographs, and 3 Teletypewriters. In 1952 there were cards on approximately 2,000,000 people in the greater Kansas City area.

An improvement recently made is the use of the automatic system for direct line subscribers, whereby they can dial the order board or any other part of the Bureau without going through the switchboard. The big improvement for 1953 is the installation of air conditioning, which has been started, and will be in use this coming summer.

The volume of reports made has increased so greatly that in the month of December, 1952, 48,000 reports were processed. This was 3,000 more than were handled in the entire year of 1922.

Of interest is the change brought about in the last ten years in the types of users of the service and the types of reports used. Ten years ago 70 per cent of the subscribers were retail stores, while 30 per cent came from other sources. Now that percentage is almost exactly reversed, with 30 per cent retail stores, and 70 per cent

from banks, finance, oil, loan, appliance and lumber companies. Ten years ago 75 per cent of the reports were regular up-to-date and the balance were file reports. Now that, also, is reversed. The reason this change has been made possible is the excellent cooperation of members in reporting their derogatory information so that all files are up to date in that respect.

As is true in so many communities, Kansas City is listed as one of the critical employment areas. This brought about a slowing up on the answer of listings, to the point that some action had to be taken. Instead of attempting to club the members into better cooperation, our directors decided to put it on an incentive basis, and aimed directly at the office personnel. The Bureau now tabulates the listings and arrives at the percentage of listings returned on the next delivery. Each firm having 100 per cent receives a check for \$5.00 which is turned over to the girl who answers the listings. It has been found that most firms showing 100 per cent month after month consistently, have made just one person in the office responsible for listing returns.

In recent years the Bureau has operated a Newcomer service, and also a special loan file group for consumer credit departments in banks. It acts as a clearinghouse on personal loans.

The Bureau also operates a warning service on check operators and sends out a special bulletin each week on frauds. One of the men goes to police headquarters daily and cooperates closely with the police department, sheriff's office, F.B.I., etc. Dale Boley, Chairman of the Collection Service Division Associated Credit Bureaus of America, is in charge of the Collection Department and has made a notable success in it.

The Retail Credit Association meets each Friday and has an educational program each week, varying from good speakers and films to frequent panel discussions led and participated in by the members. For over 20



SHOWN ABOVE, on the left, is part of the reporting staff of the Credit Bureau of Kansas City. On the right is a view of the order board, files, TelAutograph equipment and file clerks.

years, the Kansas City group has held an annual Credit School. This school has had a consistently high attendance, never averaging less than 130 each night.

For some years A. L. Dye has been in charge of the Bureau and has served as Secretary of the Retail Credit Association. Our Association is also proud of having had two members serve as Presidents of the National Retail Credit Association, Arthur P. Lovett and H. J. Burris.

Credit School at Kansas City

For the third successive year a Credit School offered under the sponsorship of the Retail Credit Association of Kansas City was held in January and February, 1953. The average attendance was 150. Meetings were conducted in the spacious auditorium of the Jenkins Music Company.

A series of five weekly sessions comprised the School. Opening the School was Leonard Berry, Educational Director, National Retail Credit Association, who discussed, "The Place of the Credit Department in Business." At the second session a Panel Discussion on "Taking the Application" was conducted by Dorothy Foster, Duff and Repp Furniture Company, as Moderator. Assisting her were, Harry M. Barrentine, Skelly Oil Company; Nick J. Nero, Commerce Trust Company; Patricia Smith, Shukert Fur Company; and Don Faulk, Kline's. The function and procedures of the Credit Bureau were explained by Robert K. Pinger, Assistant Manager, Credit Bureau of Greater Kansas City. Later sessions covered, "Analyzing the Credit Risk," "Collections," and "Customer Relations." Following each of the formal presentations there was a question and answer period with active audience participation. Arrangements for the School were made by the Educational Committee of the Association headed by George Elliott, First Vice President of the Association; H. L. Lynch, President of the Association; and A. Lloyd Dye, Manager, Credit Bureau of Greater Kansas City. The auditorium was made available through the generosity of Paul W. Jenkins, President, Jenkins Music Company.

Credit Conditions in Kansas City

Cyril J. Jedlicka
Vice President

City National Bank & Trust Company
Kansas City, Missouri

THE YEAR of 1952 was an interesting and prosperous year for instalment credit granters. Particularly was this true with most bank instalment loan departments. Loan volume was large, government credit controls were lifted, economic conditions were favorable, merchandise of all kinds was plentiful and with the full employment prevailing, collections presented no great problems. Conditions in the Kansas City trade territory have been very favorable and its continued growth and activity indicate a continuation of this high volume of business for most or all of 1953, making it a part of the extended post-war boom rather than a recession year.

In the last two or three years, however, our economy has changed from one of shortages in many lines of merchandise to one of plentiful supply. The auto industry plans to build 5.3 million passenger cars against 4.4 million in 1952. Furniture and appliance manufacturers are planning big increases in number of units produced and sold. Most raw materials as well as finished goods are in ample supply. "Passive" selling will no longer suffice. It will take well-trained, aggressive sales forces to sell and merchandise the vast amount of goods our factories will produce. Competition will set the tune for our business activity.

Competition, too, will be a dominant factor in 1953 in the credit field. In the past whenever sales competition became acute, greater emphasis was placed on consumer credit as a tool for assisting sales and there is no reason to believe this pattern will be any different this year. Credit granters discounting paper for retailers will be offered more and more marginal contracts as the competition increases. Care must be taken or loan portfolios will be filled with too large a percentage of questionable or substandard contracts. There is no substitute for proper down payments and merchants should



SHOWN ABOVE is a photograph of the first session of the 1953 Kansas City Credit School. Fourth from the right on the front row will be seen Leonard Berry. On his right is George Elliott, who presided at the session, and to his right A. Lloyd Dye, who extended the welcome to the students. On Mr. Dye's right will be seen H. L. Lynch, President, Retail Credit Association of Kansas City.

Is It Worth Saving?

Dr. J. L. Brakefield

Director of Public Relations

Liberty National Life Insurance Company, Birmingham, Alabama

IN YOUR BUSINESS and mine, new ideas are continually being projected. When some member of a business organization proposes a new idea, procedure or practice, he is immediately asked some questions—questions such as these:

1. Why do you propose this idea or procedure?
2. What do you think it will do?
3. Where in our business does it apply?
4. When in our business does it apply?
5. How will it work?

If he can satisfactorily answer these questions, the organization will likely adopt the proposal. If he cannot justify the idea, it will be rejected. Again we review, from time to time, the practices that have been used over a longer or shorter period. We review them for the purpose of determining their merit in light of situations that persist, their possible benefits in the future, of determining whether any changes in their applications or structures may be necessary.

These analyses should apply not only to our business but to our community and to the nation at large. American people should "take stock" at frequent intervals. Indeed, a "running inventory" would be a good practice. All proposals, irrespective of their source, that might affect the American way should be subjected to severe examination. The people should demand the facts and their verdict should be in accord with the truth. Only those proposals that stand up under the Why, What, Where, and How formula of evaluation should be considered as possibly worthy of adoption.

Those who are charged with the responsibilities of administering the affairs of established practices and procedures should be held to strict account of their activities. They should appraise the people of the efficiency of the practices and advise with them pertaining to all modifications or changes that may appear to be essential to the continued and increased progress of American economy.

Just as the Board of Directors designates and controls the policies and practices of a business so should the people of a free economy, an economy of, by and for the people, direct all factors of its endeavor. It is only when people become derelict in their duties, as free citi-

zens, that powers are wrested from their hands. Democratic institutions can endure only so long as the people declare and exercise their powers in accordance with the provisions of the underlying and fundamental principles of democratic processes.

Complacency is democracy's greatest and most destructive enemy. Complacency provides the golden opportunity for the antagonist to deliver his fatal blow and for the bureaucrat to gain his objective. Lack of intelligent and eternal vigilance accounts for the unsavory conditions and uneasy situations that persist in America today. A "letdown" by the masses is always the hope of the special interest groups that would destroy freedom and reduce a people to the dictates of their insidious schemes.

The attitude of "All is well" and "Things will right themselves" has brought America to a crisis that holds its future in the balance. If the people become aroused to holy anger at the "goings on" and call a halt on practices that violate their heritage, America will grow to heights of unimagined proportions. Anything less than a complete awakening of the people to their responsibilities and obligations will inevitably result in chaos of the first order.

A Democracy is never static. It grows or it dies. It increases its value or loses its effectiveness. It sets men free or throws them to the devouring wolves of dictatorships. There is no middle ground for a democracy. It succeeds or fails. There is no place in it for even a partially planned economy. In short, America will continue its free economy or it will adopt some other system.

It is about these things that we hope you may think with us for a little while. To most of us, the American way has been perfectly satisfactory. It has afforded all the opportunities we could reasonably want. It has encouraged us to develop our abilities and to make full use of our talents. It has made it possible for us to realize our hopes and ambitions far more than anticipated. Indeed, the American way has demonstrated its superiority to any other system of economy yet devised.

Despite its proved worth, there have always been and there are now those who find fault with its fundamental principles and their applications. You will recall that about fifty years ago there were audible rumblings of

concentrate on selling merchandise rather than easy terms.

Some few credit granters have already experienced a rise in delinquencies. In some of these cases, this increase is due largely to an improper follow-up of minor delinquency, which in turn is due to clerical turnover in the collection department. Wise credit granters are reviewing their credit policies and procedures to make sure they are adequate under present-day conditions. A more critical examination of new applications for credit coupled with more adequate credit check-up through the local

credit bureau will usually pay dividends. Some indications are noted of an increase in applicants being too heavily loaded with obligations to take on new payment contracts with safety. Credit costs may seem high and cutting costs may be important, but cutting costs through elimination of vital services may be very costly in the long run.

Now is the time to study our operations and to perfect our procedures so that the volume we are now putting on our books will be profitable and collectible even under adverse economic conditions.

discontent among small segments of our people. They criticized the operation of our free economy and magnified any deficiencies in its practices. These rumblings have come and continue to come from those who are unwilling to pay the price of the American way; those who are happy to accept their privileges but not their responsibilities; those who take advantage of their opportunities but refuse to recognize their obligations; those who interpret liberty to be license; and those who seek political advantages, personal gain or group preferences.

In the early days we paid little attention to those who were antagonistic to our way of doing things, to our methods of approach to problems, or to our accomplishments. It did not occur to us that ideologies contrary to our mode of life could gain more than occasional listeners. Our heritage, we thought, could not be disturbed. We admitted that discontent in other areas of the world on the part of a few had developed into cancerous proportions, even to the point of destroying long established modes of life. Our attitude was that nothing could happen in America to alter or destroy its tradition and its freedom.

We Enhanced Our Social Values

So, we went right along in our everyday work. We continued in our endeavor to build our businesses and professions to increase our economic worth and to enhance our social values. We did not question those who were crying out against the American way. We did not subject them to the why, what, where, when and how formula that we apply in our business and professional endeavors.

While we were going our respective ways, these special interest groups waged continuous, quiet and effective campaigns to bring about changes—changes that would destroy the foundations of our economy. The antagonisms limited to extremely small segments a half century ago, have become more widespread among the people. The fact is, we have now come face to face with the grim realization that ideologies contrary to the American way have gained more than beachheads in the thinking of considerable numbers of our people. We are amazed at this discovery. We are bewildered by the fact that some among us would make use of the fundamental principles of a free economy to overthrow the way of life that such an economy has made possible. We had not realized, until recently, the seriousness of conditions that have reached such proportions as to demand immediate and sound action of all Americans. We can no longer continue our lackadaisical attitude toward trends that threaten our progress. Every one of us must exercise more than casual interest in the economic, political and social affairs of our nation. Whether we like it or not every one of us is going to participate in the America of tomorrow. We can do it willingly or we can be forced into it, as we may choose. We must determine what our respective parts shall be, what actions we are to take and what courses we are to follow. When these things have been determined, we must then follow them through to the limit of our ability.

In our efforts to establish our courses of action, we might well employ the analytical methods that we apply in our businesses and professions. We must now determine whether or not the America envisioned and largely accomplished by our forefathers is the America we

want to endure. If it is the America that we want, we should want to know why we want it. If there should be some changes, we should know what changes should be made, why they should be made and what would be the results.

It appears to us that the truth in relation to three questions would give us a sound basis on which to develop our course of action. The questions are these:

1. Why America? Why did it come into being?
2. How America? How was it born?
3. What America? What has it accomplished?

The answers to these questions should appraise us of the value of America, should show whether "It Is Worth Saving."

Why America? Why did it come into being?

It is young among the nations of the earth but its accomplishments have no parallel in this or any other age. It is both the envy and the wonder of the rest of the world. It has reached a pinnacle in economic and political power never before experienced by any people. A country that is so young and has accomplished so much cannot be accounted for as a mere happenstance. There must have been some reasons for its coming into being. There must have been some purposes for its development. It is hardly reasonable to suppose that a nation of such tremendous significance in the affairs of men could have come about without specific cause and purpose.

Great movements are rare occurrences in the course of human events. They are conceived in the hearts and souls of men and require years, even centuries for fruition. Movements are continually being set in motion. Most of them are short-lived and few persist longer than the generation which gives them birth. However, every once in a great while there is a movement that is of tremendous significance in the generation of its inception and one that lives and grows in importance in the affairs of men down through the ages.

A search through history reveals three movements which, to us, stand out above all others in human experiences. Perhaps you can think of others that may appear to you to be more important. The first of these in point of time, not necessarily in significance, was the "Movement of the Children of Israel."

Servitude in a Foreign Country

You will recall that a people left their homeland and were finally reduced to servitude in a foreign country. It seemed for a time they would be removed from among the affairs of men, but it was not the Divine purpose that this should happen. The Children of Israel were subjected to servitude because of their disobedience to the God of Abraham—because of their failure to hold sacred the covenant between God and Abraham. But Jehovah would not allow them to be permanently held in captivity by a Pharaoh or any other potentate in that day or in any day since.

In His wisdom, God developed one man, schooled him in the political, economic, social and religious concepts and practices of his day as perhaps no other man has ever been schooled who, according to God's plan, literally picked up these people—the whole nation—and guided them through long years of education and training that finally equipped them to enter the land which had been theirs centuries before and had been held according to promise for their return.

That was a tremendous movement in its day; a movement that has lost none of its significance in the centuries since. The Jew has maintained his identity and the program set forth for him will be completed in due time and in accordance with the Covenant of Old.

Nations that have persecuted the Jew have suffered defeat and decay. God will not tolerate, for long, maltreatment of His chosen people. Russia will go the way of all the others who have attempted to reduce the Jew to servitude. Indeed, this will be an important factor in the ultimate fall of the Communistic state.

The second and to many the greatest movement of all time was that initiated by the Messiah. You will recall it had been prophesied that of the house of David there would be born the Christ Child. In time, the birth occurred as predicted. Because of circumstances surrounding His birth many failed to recognize Him and because of the differences of the Kingdom proposed by Him from that expected, many refused to accept Him. However, despite all these things, the Christ established a philosophy of Life that has influenced every generation for two thousand years, one that is more earnestly acclaimed by each succeeding generation, one that will grow in power so long as men live. Men have never successfully found fault with His philosophy nor have they been able to modify it by additions, deletions or changes.

Reverently, the third great movement was that which resulted in the coming into being of America; the America that has become the greatest country of all time; the America that has been and is the hope of mankind; the America that points the way to life abundant; the America that is dedicated to the development of the individual to the full realization of his potentialities.

It has been the objective of man, since he was ejected from the Garden of Eden, to redeem himself to once again warrant the esteem and respect of his Creator whose heart he crushed with his disobedience. In his struggle to reach this goal, man has tried innumerable ways of life. Civilizations have followed in a long line of succession, each new one being built on the ashes of the old and every one holding, for a while, hope. It would grow with the vigor of youth and reach maturity with promise only to fall in the hands of despotic and imperialistic practices and die.

Despite all his failures, man never despaired. He has always felt that sometime, somewhere, some place would be found in which he could dream, hope and plan, in which he could live in harmony with his fellowman, in which his ambitions for freedom could be realized.

You may well imagine, along with us, that men stood at the water's edges around the then known earth and looked out across the vast expanse of the waves in the earnest belief that somewhere beyond there would be found a place in which they could live commensurately with the purpose for which they were created.

As late as 600 years ago, it was not yet for man to know that the Creator of the Universe, the Builder of the World, had tucked away between His greatest Seas a plot of ground which according to His plan and in due time would be made available to men of every race, color and creed.

In His anticipation of the coming of man to this part of the world, God had allowed, through centuries innumerable, the rivers to determine their courses and

deepen their channels, lakes to make their beds, forests to grow, soils to be enriched, oil to gather in tremendous pools, natural gas to accumulate in great reservoirs, top layers of earth to wear away to show the presence of minerals of many types and varied amounts.

Once He had made ready the land for men who wanted freedom, He caused a Queen to sponsor the voyage that made its discovery possible. When the news of the discovery of the Western World was made known among the nations, men from every part of the globe sought passage to its shores and down through the centuries since men from all the earth have sought refuge within its gates. They knew it would be difficult to make their way in an uncharted land. They were not unaware that the obstacles would be great. However, for all of this they had no fear. They wanted freedom and were willing to pay whatever price it exacted.

Early pioneers did not come to the new world for the purpose of forming a new government. That was the farthest thing from their minds. They came for one reason and for one reason only: that they might have freedom. Their primary objective was to get away from government which measured the worth of men by their contributions to the state, government which had no concern for the individual, government which held men in chains of restraint.

The "Mayflower" was more than a ship. It was a spirit of determination and purpose. It has become to the people of America a perpetual and spiritual flower, a flower that has become more beautiful in the hot sun of the South, a flower that has added to its fragrance in the cold of the North, a flower that stands on the ledges of the mountain sides as a beacon of promise to all those who come underneath its shadow, a flower that has dug deep its roots in the desert sands, and a flower that has added landscape to the forests and one that has dispelled gloom from the marshy places. That is the spirit from which this country was carved. That is the spirit that enabled men to drive across from east to west and from north to south, that made it possible for men to conquer the raging rivers, to overcome the desert heat, to subdue the hills and mountains, to adapt themselves to the varied climates, to till the virgin lands, and to transform the natural resources into goods essential to human progress.

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The efforts of the pioneers have not been lessened by those of the generations since. Men are continually striving to make a better America, to enhance human values, and to make life more abundant.

Why America? America came into being in answer to the "Prayer for Freedom" that had been in the hearts of men for thousands of years, to provide opportunity for the realization of the hopes and dreams of peoples of the ages, to make it possible for men to develop their talents and enjoy the fruits of their labor, and to allow men the privilege of worshipping God without restraint and in accordance with the dictates of their conscience.

How America? How was it born?

Progress experienced by the pioneers was much greater than they had anticipated. In fact, it was so great as to cause uneasy concern by the Mother Country which feared that the economic advancements of the colonies might lead them to self-containment. The concern was so great as to lead the Mother Country to impose undue regulations and regimentations upon the people. You will recall "Taxation Without Representation" as one among the many impositions.

The behavior of the Mother Country brought the pioneers face to face with their first real crisis. A crisis which challenged their purpose in coming to the new world. They had two alternatives. One was to fall back to the old way of living and to subject themselves to autocratic rule which they had escaped only a few years before. The other alternative was to rebel and this was a dangerous procedure. Numerically they were few. Economically they were weak. Militarily they were utterly unprepared.

Groups, large and small, throughout all the colonies discussed the situations and conditions with which they were faced and out of every discussion there came one conclusion, the conclusion that they had come to this part of the world to be free and that freedom they would defend even to the last man. Their thinking and their determination led them to make known to the world their intent and purpose.

"We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness. That to secure these rights, Governments are instituted among Men, deriving their just powers from the consent of the Governed. That whenever any Form of Government becomes destructive to these ends, it is the Right of the People to alter or to abolish it, and to institute new Government, laying its foundations on such principles and organizing its powers in such form, as to them shall seem most likely to effect their Safety and Happiness."

The document was a capital transaction in human affairs. No other writing outside the Bible so clearly sets forth the hopes and dreams and ambitions of men. It embodies the freedom concepts of the generations from the beginning of man's inhabitation of the earth. The writers were well acquainted with the provisions of the Magna Carta and those of the Bill of Petition of Rights. They knew what their provisions would have done for men had they been allowed to operate. It was their purpose to restate them and to make significant additions to them in this declaration.

When the Declaration of Independence became known to the Mother Country, the king became uneasy, parliament was called to debate, arms were assembled and as a result there was war. A war in which father and son engaged their close relatives in terrific battle. A war in which men suffered untold miseries at Valley Forge, a war that led them to Bunker Hill and to Yorktown. When the noise of the last cannon blast had been dissipated in the winds and the brave dead had been laid to rest in their sacred soil, there came into being a free people. To be sure they were distraught. Their families had been torn asunder. Their economy had been destroyed but they were free, free to build, free to develop themselves and free to establish a nation that would be dedicated to human advancement and human dignity.

What America? What has America accomplished?

We have seen that America came into being because men wanted freedom. History reveals the hardships, sacrifices and bloodshed required to establish Freedom. Once free from the dictates of the Mother Country, the people set out to build a nation. Their first task was to develop a guide for their efforts, a guide that would direct them to the achievements desired and achievements essential to a free economy.

Constitution Has Directed Our Progress

Leaders from the several segments of the people came together and after long and sincere discussions wrote: "We, the people of the United States, in order to form a more perfect Union, establish justice, insure domestic tranquillity, provide for the common defense, promote the general welfare and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America."

This Constitution has directed this country through six generations of unprecedented progress. It has answered every political, economic, social and religious problem that our people have encountered. Its provisions apply now as they have done in the past and they point the way to yet undreamed accomplishments by the American people. Amendments have been necessary and others may be required but the fundamental principles are not to be changed if democratic institutions are to endure.

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THE ROOSEVELT HOTEL, NEW ORLEANS, LOUISIANA, JUNE 22-25, 1953

National Retail Credit Association

Credit Women's Breakfast Clubs of North America • Associated Credit Bureaus of America

Some amendments to the Constitution have proved unsound. However, only one of such mistakes has not been corrected by the adoption of a subsequent amendment. This one, the Sixteenth Amendment or Income Tax amendment, should be modified to limit its provisions to reasonable proportions. As it now reads it gives the Congress unlimited power to tax the income of the people. This amendment literally requires the people to sign their names to a check to be filled out by the Congress as it may see fit. This is not in harmony with democratic processes. It is not good business to give the government or anybody else uncontrolled access to the bank account of the American people. The power to tax is the power to destroy.

The Sixteenth amendment opens the door to Socialism. It appears to us that the people should thoroughly survey the situation. All the basic tenets of the Declaration of Independence and the Constitution of the United States can be embodied in one sentence, "Our country is dedicated to the thesis that all men are equally entitled to life, liberty and the pursuit of happiness."

Some may say this is a great idealism but America has not accomplished such noble objectives. We must confess that we have not carried them to their full fruition. We can say that America has made more progress in that direction than have all the rest of the nations in the history of man. Men are still free in America. Men can still develop to unparalleled heights if they are willing to pay the price.

Your son may some day occupy the office of chief executive of the nation or your daughter may become mistress of the White House. Your children and mine have opportunities never experienced by children in other parts of the world.

Progress has been tremendous but not easy. Americans have worked hard and sacrificed much that you and I might enjoy so great a heritage. They have paid dearly for every foot of gain. We have had to shoulder arms to:

1. Establish our rights to the seas.
2. Effect union of peoples with the established states of the Union.
3. Prevent dissolution of the union of the states.
4. Defend our foreign policy.
5. Stop and defeat aggressor nations on two occasions.
6. Settle disputes on many quarters of the globe that would affect our welfare.

It may be we are about to encounter a third world war. I hope not. If we have to defend our freedom, we can and we shall. We have the material power, man power, will power and the spiritual power to do whatever necessary to maintain the "American Way of Life." Let us look for a moment at the manner in which we have operated—how this nation has been built. There are many factors but time allows mention of only four:

1. **Education.** The promotion of democratic processes requires an enlightened people. Education must be thorough, continuous and inclusive. To accomplish this objective the public education program was set in motion early in our national life. Progress has been phenomenal but there is much yet to do to make certain that every child shall have the opportunity of sound and extensive grade and high school instruction. It is readily admitted

that not every child has had the opportunities deserved. However, America has provided free education for more of its children than has been made available for the children anywhere else in the world. Efforts shall not be lessened until every child is provided the education to which he is entitled.

Only those who do not understand democratic processes can hold brief against them. Education in the "American Way" should be of primary concern throughout our system of schools and in all factors of our economy. American history should be taught in all schools. Our people should know what it means to be free and how freedom was obtained for them. The whole truth makes men free. Half truths confuse the issues and render people incapable of clear thinking and sound judgment, make public opinion of questionable value, place our heritage in jeopardy and endanger freedom.

People should understand that America owes every man protection and encouragement in his efforts to develop his talents and abilities but that their realization is his individual responsibility; that America owes no man leadership, position or prestige; that leadership should be asked of men rather than sought by them; that position should humble men; and that prestige should obligate men to their utmost efforts in the behalf of their countrymen. These objectives can be achieved only by a thorough understanding of the fundamentals of the American mode of life by the youth and the grownup alike. A good slogan, it seems to me, would be this, "Make American Education American."

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II. Free, Competitive and Capitalistic Enterprise

The American enterprise system is dedicated to the thesis that business should be operated:

- a. In the interest of the public that it should "Provide the greatest possible benefits for the largest possible numbers of the people."
- b. In an open and free market that the people should have "Freedom of Choice."
- c. In a competitive market that goods and services should be provided at the lowest costs commensurate with sound business procedure and practices.
- d. At a profit for management.
- e. At a profit for workers.
- f. In such manner as to assure economic and social advancement for all the people.

Our system of free enterprise holds that people should be allowed to establish and promote whatever business they may choose so long as it has for its purpose the enhancement of human values; so long as it does not infringe upon the rights and privileges of others.

Every country believes in capitalism. Communism believes in capitalism. Communism believes that state should own the capital and that the people should be punished for any failure on the part of the state to handle the capital profitably.

Socialism believes in capitalism. Socialism believes the capital should be controlled by the state and that the people should be taxed to compensate the state for any failures in handling the capital.

America believes in capitalism. It believes that every man should be a capitalist, that capital should be in the hands of the people, that every man should be allowed to invest, to spend or to hold his earnings. It holds that earnings properly invested in American enterprise should yield returns.

We believe in the capitalistic system of enterprise, as practiced in America, because:

- a. It offers superior employment opportunities.
- b. It offers superior investment opportunities.
- c. It affords the workers the world's highest wages.
- d. It provides the world's highest standards of living.

Further, we believe in the American capitalistic system because it makes available more different kinds and greater quantities of superior goods and services than provided by any other system of economy yet devised.

America—owns 48% of the radios in the world
owns 56% of the telephones in the world
owns 60% of the Life Insurance in the world
operates 80% of the automobiles in the world
operates 34% of the railroad mileage in the world
uses 92% of the bathtubs in the world
produces 46% of the electric power in the world
produces 60% of the steel in the world
produces 60% of the petroleum in the world
produces 50% of the cotton in the world
produces 50% of the rayon in the world

These are but a few of the multitude of examples that show the superior productive ability of America and indicate the abundance of finished products and consumer goods available to the American people.

We believe that every man should be a capitalist. I am a capitalist. I own the home in which my family lives. I own stocks and bonds and shares in American business. I have a definite stake in American economy. Millions of men and women have placed their surplus earnings in the hands of American management and their earnings give them fair returns.

"The American Way" shall endure only so long as men are free to pursue the business or profession of their choice; to own their respective shares of American business; to participate in the conduct of American business; and to enjoy the economic and social fruits of American business.

Our capitalistic system gives a man the right to succeed and the right to fail. One right cannot be had without the other. Economies planned to prevent failure will limit success. Our system is based on individual responsibility, individual ability, and individual efforts.

The Capitalistic Enterprise System

Despite the demonstrated superiority of the free, competitive and capitalistic enterprise system, there have been those and there are those now who do not believe in it. They would change it to a planned economy; an economy subjected to government control and allotment; an economy that would destroy individual incentive; and an economy that could by no stretch of the imagination satiate the needs and wants and desires of a free people.

In the early pioneer days, socialism was given its try and it failed utterly and completely. It failed so utterly as to cause a colony to enact a law which stated that, "Only those who work shall eat." Some practices in this modern day violate that fundamental, encourage the slothful and discourage the energetic. It should be pointed up that the "American Way" has no place for men of sound bodies and sane minds who will not work. Such men are unworthy of American heritage. They just do not fit into the "American Way."

(To be continued next month.)

What Is the Most Important Credit Problem for 1953?

Opinions of Credit Executives

The most important retail credit problem for 1953 is collection of accounts, for three reasons: one, overselling the public; two, advertising with low down payments on small payment plans with added interest; and three, the average home is over-furnished, because through fancy advertising the lady has overbought her budget and with the restrictions taken off it has made it easy for her to be in this predicament. So, 1953 will be a difficult year for all credit managers throughout the country.—Arthur Joly, Reid Stove, Furniture & Hardware Store, Ottawa, Ontario, Canada.

★ ★ ★

First, there is the need to maintain an acceptable collection ratio with a correspondingly low percentage of bad debt loss. This will become more of a problem in the ensuing year because of long-term obligations which a large number of consumers have. In addition, however, business will be concerned primarily in retaining sales at a high level. This will require a careful expansion of credit with accent on budget type accounts.—E. A. Heironymus, Miller & Paine, Lincoln, Nebraska.

★ ★ ★

Maintaining a proper collection percentage, and at the same time increasing credit sales, to both old and new accounts, is my answer to the question "What is the most important retail credit problem that confronts credit sales managers in 1953?" Fixed-income persons or people living on pensions, will find their purchasing power about the same. Wage earners will fare well. The farmer's income will be slightly down, but still high, when compared with other years. Harder work, and a thorough knowledge of economic conditions will result in maintaining a proper collection percentage, and will increase credit sales.—Frederick E. Hardy, The Outlet Company, Providence, Rhode Island.

★ ★ ★

It appears collections are slowing down while charge business remains buoyant, and this will create a problem to judge and capably handle accounts so as to avoid overloading which will result in heavier losses. Also obtaining and training sufficient number of collection clerks to follow up these accounts will be a difficult task.—William J. Tate, Charles Ogilvy, Ltd., Ottawa, Ontario, Canada, Second Vice-President, National Retail Credit Association.

★ ★ ★

Our most important retail credit problem this year of 1953 is that of training our personnel. Of course, we face the normal problem of collections, but this will not be insurmountable, given the opportunity to alert our workers. This we can do with adequate training periods, thus enabling each employee to fit into the over-all picture in a most adequate manner. Business depends now on customer-service, and customer-service depends on trained personnel. We must train them to sell while collecting and collect while selling. Thus the cycle is a complete one and without it we lose in sales volume and in good will.—J. E. Willis, Jr., Arthur A. Everts Company, Dallas, Texas.

★ ★ ★

From the daily reports of the press that the government is going to curtail expenses, no doubt a great many government employees will be let out. Credit managers will have to watch overbuying and still not conflict with the sales department.—Margaret J. Scouler, Hopper Furs, Inc., Denver, Colorado.

Opinions of Management

There are three most important credit problems for 1953. 1. Continuation of efforts to secure new credit business and the more general use of their accounts by present credit customers in order to maintain and increase volume. 2. Control of collections. The continuous dropping of the collection percentages, which seems almost country-wide, presents a real problem. It is a paradox that, with the highest employment in

the country's history, this percentage should be falling. Should employment drop or be curtailed or wage rates be reduced at a time when the collection percentage is low there would undoubtedly be a large amount on the books of all stores which would not be immediately collectable. 3. Control of expense. Operating expenses in all phases of retailing seem to be slowly creeping up. The credit department must always be watchful that its operations are on a sound basis and that expense is kept at a minimum consistent with efficiency.—Robert C. Armstrong, President, Armstrong's, Cedar Rapids, Iowa.

★ ★ ★

Our greatest credit problem during 1953 will definitely be that problem of being asked to grant credit to many transient persons who have come to Wichita from other cities and whose credit records have not been established in Wichita, and whose records are not clearly established even in the cities from which they have come. We suspect that this is a problem which will confront many of your large city members for there is a decided nation-wide movement of workers toward the larger industrial and manufacturing areas which are active in armament work during the present emergency. We find that the transient person is also the customer who needs the most rapid delivery of his furniture items, and it is exceedingly difficult and awkward at times to delay delivery pending more adequate credit information from the customer's previous city of residence. It seems to me that a nation-wide educational campaign sponsored by the N.R.C.A. to educate the public, particularly young people in high school and college, as to the importance of adequate and reputable credit standings would prove of great help in drawing the retailers and consumers together toward one major objective. That objective, of course, is the granting of credit to a customer in the most rapid and courteous manner, and that can be done only with adequate information in regard to the customer's previous and current credit standing with other dealers. Many transient people who realize the far reaching scope of members of the N.R.C.A. would naturally strive to maintain more satisfactory credit standings as they move about the country, and they would also realize the importance of taking with them to a new job in a new city such adequate credit information as would expedite service in their behalf. I feel that the responsibility of such a worthwhile educational program lies squarely upon local credit bureaus and upon local retailers who participate with those bureaus. Encouragement should be given by the N. R. C. A.; and with the three groups working together, the final objective should be satisfactorily accomplished.—William E. Howse, President, The Howse Company, Wichita, Kansas.

★ ★ ★

We have only one thought in connection with retail credit for not only 1953 but also the years ahead. I personally have never been in favor of mortgaging the future in order to stave off the present decline in volume. That is what we are doing when we sell soft goods on time. There can be some reason for asking for a reasonable down payment on a house, automobile, refrigerator or washing machine, which could come under the heading of "necessity," but there certainly is no reason for the extent to which this country is permitting its future to be mortgaged for an immediate gain. This cannot go on indefinitely; therefore we can only sit and wait for the result of this evil. Unless we make some effort to stop it now (capital as well as labor should have enough interest in this) wages are advanced under a false prosperity mainly caused by instalment selling. Manufacturers of these products, instead of reducing their hours of operation, temporarily increase these hours in order to produce merchandise in greater quantity now rather than dividing this production over a period of time in proportion to the ability of the people to pay for these goods in thirty days or for cash.—Louis F. Schluter, President, The Alms & Doepke Company, Cincinnati, Ohio.

★ ★ ★

In the Pacific Northwest we have had work stoppages and particularly the basic industry of lumbering has been affected. Added to this, forest closures due to fire hazards have reduced

(Turn to "Credit Problems," page 21.)

Large Store or Small Store

Look at this bill... see how you can greatly reduce your own billing costs



- 1** When you use Recordak Photographic Billing your billing clerks post only the sales check totals—plus the usual credits and returns. This reduces posting operations 85% . . . and cuts your book-keeping machine requirements, too. And it ends expensive overtime because each clerk can now handle many more accounts—with greater accuracy.

Your Own Store
ANYWHERE, U.S.A.

Mrs William Briggs
20 North Broadway
White Plains, N. Y.

PLEASE DETACH AND RETURN THIS STUB WITH YOUR CHECK

IF THIS STATEMENT COVERS TRANSACTIONS ON YOUR ACCOUNT FOR THE 30 DAY PERIOD ENDING ON BILLING DATE SHOWN BELOW PAYMENTS MADE OR MERCHANDISE RETURNED AFTER THE BILLING DATE WILL BE CREDITED ON NEXT MONTH'S STATEMENT.

PREVIOUS BALANCE	PURCHASES	PAYMENTS	RETURNS	DATE	BALANCE DUE
55.50	8.50				
	2.55				
	22.50				
	15.39				
		55.50			
			1.65	Feb 5 '53	47.29*

AMOUNT REMITTED \$

YOUR CANCELLED CHECK IS YOUR RECEIPT.

Original sales checks are part of the bill—reducing posting operations 85%.

are effected for your convenience
paid in full. Inquiry regarding

OWN STORE



2

A complete description of each purchase is unnecessary because the original sales checks are microfilmed . . . and sent out to the customer with the bill. Any clerk can do the job . . . can photograph sales checks for a fraction of a cent apiece . . . and in a fraction of the time required for filing in descriptive billing systems.

3

Your bill answers customer questions in advance. With the original sales checks in hand, charges can be recalled immediately. Which reduces "adjustment traffic" to a trickle. Speeds payments of bills, too.



4

You get a better record—a photographically accurate and complete microfilm record which can be filed in as little as 1% of the space required for original sales checks; ready for immediate review in a Recordak Film Reader.



Large store or small—you can realize the same percentage of savings—over and above all costs—because Recordak has a complete line of microfilmers designed for varying requirements. You never have to buy features or refinements which can't be used profitably in your store.

Learn how retail stores of every size are saving now . . . and get details on the complete line of Recordak Microfilmers now offered on an attractive purchase or rental basis. Write Recordak Corporation (Subsidiary of Eastman Kodak Company), 444 Madison Avenue, New York 22, N. Y.

1928



1953

RECORDAK
(Subsidiary of Eastman Kodak Company)

**originator of modern microfilming—
and its application to retailing systems**

"Recordak" is a trade-mark

MAIL COUPON FOR FREE BOOKLET

RECORDAK CORPORATION
(Subsidiary of Eastman Kodak Company)
444 Madison Avenue, New York 22, N. Y.

Gentlemen: Please forward a copy of "Make Your Sales Checks Work For You."

Name _____ Position _____

Company _____ Street _____

City _____ State _____

R4



Items of Interest From the NATION'S CAPITAL

JOHN F. CLAGETT, Counsel, National Retail Credit Association, Washington, D.C.

Additional Material on Ship Tracing.—Another decision involving "skip tracer" form letters was handed down by the United States Court of Appeals for the Second Circuit on December 30, 1952. The case is entitled *DeJay Stores, Inc., v. F. T. C.* and is the first case in which a retail merchant was named respondent in the action. Other cases have involved collection agencies. See January CREDIT WORLD, page 30. The court cited the three earlier court cases reported on. This decision constitutes, perhaps, the most informative discussion of the subject.

It appears that DeJay commenced its activities in tracing debtors prior to 1943, at which time it used a double post card reading: "Due to the shortage of transportation and manpower we are unable to interview you personally. So please fill out detachable card and send in." This was signed, "Personnel Management Bureau." At a later time DeJay used a similar post card, which read: "Notice of Goods for Delivery. We are holding a package addressed to _____ which we have been unable to deliver because of incorrect address." Signed "DeJay Service Co."

The evidence showed that use of these cards had been abandoned by petitioner. But the evidence further showed that petitioner was presently using a form letter in simulated handwriting which was addressed to references furnished by the delinquent debtor at the time of his purchase. It stated: "I understand you are a friend of Mr.

_____ I have an important letter for him, so please let me have the correct address," signed by "J. King." A cease and desist order issued by the Commission banned all of these practices.

The appeal was based on two contentions: first, as noted above, that the earlier practices had been abandoned. The second contention was that the "J. King" letter did not constitute an unfair and deceptive practice within the meaning of the F. T. C. Act.

It is the Court's reasoning on the second contention that is of particular interest. The Court said: "It is clear that, while the letter is literally true, the information is sought on behalf of the store to assist it in collecting its debt, and not on behalf of an individual named J. King to enable him to forward an important personal letter to the delinquent. The fact that there is no actual evidence that anyone is likely to be deceived does not impair the finding that the letter was misleading. The petitioner intended it to be deceptive, and as used it obviously was so."

The Court then turned to the contention that the order "should not have included the two forms . . . voluntarily abandoned in 1943 and 1946," and said: "Since it is clear that the petitioner continued its campaign to

trace its debtors by using the 'J. King' letter which, though less flagrantly deceptive than the earlier practices, had the same purpose and effect, the Commission was justified in such a finding and in acting to prevent a renewal of the earlier methods. A court should interfere with the Commission's discretion in making an order to prevent the resumption of a discontinued practice only when it appears the practice has been 'surely stopped.'"

The Court commented on the question of public interest: "Finally, the petitioner asserts that the requisite public interest for the Commission to act was not shown to exist. But it is not necessary to establish that the person deceived has suffered any pecuniary loss. The Federal Trade Commission's conclusion that it is in the public interest to require that creditors should not use dishonest methods in collecting their debts is within its discretion."

Controls.—As this is written the new Administration is in process of abandoning price and wage controls. This does not necessarily mean the complete elimination of the policies and procedures of the Defense Production Act of 1950, which expires in part on April 30, 1953; other sections ending June 30, 1953. There are factors that could influence thinking, and possibly Congressional action, either before or after April 30, 1953.

One such factor might be the suggestion of stepped-up action to break the stalemate in Korea. Spokesman for the Defense Department noted that "such a move [breaking the Korean stalemate] would mean vast expansion of the mobilization program, with new spending, controls and taxes." Controls, on such an assumption, and it could happen, would be a long way from permanently disposed of as far as legislation is concerned.

On the other hand, continuation of the present long-drawn-out Korean situation leads economists and others to talk about the necessity of bolstering the economy to take up slack resulting from smaller defense spending. Pertinent factors, they say, include consumer credit, among other things, to keep industry going, and to keep new capital flowing into industry. Examples of this trend of thought:

The Department of Commerce reported on a survey of capital investment prospects by 84 large companies accounting for 30 per cent of all nonfarm investments. These companies, the report showed, plan expenditures in 1954 and 1955 of 85 per cent and 80 per cent, respectively, of 1952 volume.

Standard Factors Corporation predicted, as a result of a survey, that consumer credit will expand substantially again this year. It pointed to the fact that while consumer credit reached a new high last year, "credit volume was not out of line in relation to consumer income." ***

LOCAL ASSOCIATION *Activities*



San Francisco, California

The Associated Retail Credit Men of San Francisco, San Francisco, California, have elected the following officers and directors for 1953-1954: President, Joseph A. Lopez, Pacific Telephone and Telegraph Company; Vice President, E. R. Tretheway, Earle C. Anthony, Inc.; Treasurer, Charles J. Benson, Retailers Credit Association of San Francisco, Inc.; and Secretary, C. W. Doran, Retailers Credit Association of San Francisco. Directors: Harold F. Cadd, Ransohoff's; Harold R. Chesney, General Petroleum Corporation; Robert T. Farrar, Macy's, San Francisco; and John F. Klein, Anglo-California National Bank.

Wilmington, Delaware

The new officers of the Credit Granters' Association of Wilmington, Wilmington, Delaware, are: President, Lou Alper, Morris Square Jeweler; Vice President, Walter Christy, Commercial Bank & Trust Company; Treasurer, Francis J. Egan, Interstate Finance Company; and Secretary, A. J. King, Kennard-Pyle Company.

Wichita, Kansas

The new officers of the Wichita Retail Credit Association, Wichita, Kansas, are: President, Curtis Good, First National Bank; First Vice President, Jack Shields, Skelly Oil Co.; Second Vice President, Emerson Dole, Appliance Center; and Secretary-Treasurer, Mrs. Maude Galloup, Walker Brothers. Directors: Mrs. Bernice Sharples, Buck's, Inc.; Dr. G. E. Tilton; Bill Walker, Walt Keeler Co.; Lloyd Banbury, Kansas State Bank; Melvin Clark, Innes; Fred N. Dunkin, Hill Electric Co.; F. Tony Eisenbach, Dockum Drug; and Fay Sullivan, Price Auto Service Company.

Portland, Oregon

The Retail Credit Association of Portland, Oregon, Portland, Oregon, has elected the following officers for the ensuing year: President, Louis E. Parker, Olds and King; Vice President, Fred Hesse, Lipman's; and Secretary-Treasurer, J. D. MacEwan, Retail Credit Association of Portland, Oregon, Inc.

Albuquerque, New Mexico

At the annual meeting of the Albuquerque Retail Credit Association, Albuquerque, New Mexico, the following officers and directors were elected: President, William L. Martin, Securities Acceptance Corporation; Vice President, C. E. Dinkle, Albuquerque National Bank; and Secretary-Treasurer, Chapin S. Carnes, Credit Bureau of Albuquerque. Directors: Vilo G. Lewis, Continental Oil Company; Murdo L. Martin, Universal Carpet Company; Alton D. Partee, Joe Heaston Companies; Lonnie D. Vaughan, Kirkpatrick Finance Company; John A. Ward, Lovelace Clinic; J. C. Randolph, Southern Union Gas Company; Frank Tschohl, Goodrich Roofing Company; Russell Queen, Riedling-Thomp-

son Music Company; John Woodall, Sears, Roebuck and Company; Bernard Stromberg, Stromberg's; Ruth Brown, Yearout Electric Company; Robert S. Bowland, Tomlinson's; and Margaret Mayer, McMurtry Manufacturing Company.

Victoria, British Columbia, Canada

At the annual meeting of the Credit Granters' Association of Victoria, Victoria, British Columbia, Canada, the following officers and directors were elected: President, James Anderson, Stewart & Hudson Ltd.; and Secretary, W. G. Ellis, The Credit Bureau of Victoria Ltd. Directors: Jack W. Gillis, Royal Jubilee Hospital; R. W. McKenzie, Heaney's Cartage & Storage Ltd.; Leo E. Evenden, Hudson's Bay Company; G. A. A. Hebden, Diggon's Ltd.; Audry Harness, Little & Taylor; Jack D. Wilson, The T. Eaton Company Ltd.; T. R. Edwards, The Canadian Bank of Commerce; and Ray F. Whellams, The Standard Furniture Company Ltd. The Association celebrated its twenty-first birthday this year and will be host to the annual conference of District 10 of the N.R.C.A., May 17-19, 1953.

Controllers -- Credit Managers --

LOOK



KELLOGG

Credit Telephone

SYSTEMS

NOW--A DUAL PURPOSE SYSTEM

KELLOGG Credit Authorizing, combined with complete store intercommunication, **NOW** earns **MORE DOLLARS** for you by speeding up charge sales, stimulating better customer relations. With KELLOGG Credit Authorizing your credit clerks can instantly authorize directly from your cycle billing files... no need for separate files... enhances floor auditing. Positive authorization is accomplished with KELLOGG Special Perforator. **WRITE FOR FULL INFORMATION NOW!**

KELLOGG

... An Associate of International Telephone and Telegraph Corp.

KELLOGG SWITCHBOARD AND SUPPLY COMPANY

Dept. 14-A • 79 West Monroe Street, Chicago 3, Illinois

Please Mention The CREDIT WORLD When Writing to Advertisers

William T. Snider 1875-1953

William T. Snider, 78, former Credit Manager, Scruggs-Vandervoort-Barney, St. Louis, Missouri, died at the Deaconess Hospital, St. Louis, after a short illness February 25, 1953. He became connected with Scruggs in 1901 and in 1912 he was appointed Credit Manager. Prior to that he was Collection Manager. On January 1, 1946 he retired and moved to his 450 acre farm at Hillsboro, Missouri, where he raised registered Hereford cattle. He was one of the founders and later became president of the Associated Retail Credit Men of St. Louis and the Credit Bureau of St. Louis. At the annual convention of the National Retail Credit Association in Milwaukee, Wisconsin, June 19-22, 1923, Mr. Snider was elected President of the Association after having served as Vice-President and Director. At our annual convention held in St. Louis in 1931 he served as General Chairman of the Convention Committee and presided at the annual banquet. He is survived by his wife and two daughters to whom we extend our deepest sympathy.

Mr. Snider served the cause of consumer credit in a most loyal and wholehearted manner. The National Retail Credit Association has lost a great friend; one who was always ready to further the cause of better credit operations. His many associates in St. Louis and his multitude of friends throughout the country mourn his passing.—L. S. Crowder.

"Credit Problems"

(Beginning on page 15.)

Earning power in this and allied industries. All this has made for less money in the hands of consumers. Wide industrial strides have been made especially in the latter part of the present decade. The effect of this has been to give our economy strength. This prosperity, to be maintained, is dependent on a buoyant export market. Competition in this field is keen and to meet it our costs must be kept in line. There is an essential responsibility here which labor must accept, and I believe it will in the future, with a view to preventing work stoppages where there is no real justification for such action. As Canadian industrialization increases, greater markets both at home and abroad are essential. As for the latter, there is concern felt with respect to the United States market because we do not know what to expect in 1953 until the new administration, by its actions, confirms the course it will follow. By the same token, this, the largest of the creditor nations, could reduce aid to Europe of money which finds its way to buy Canadian goods. Otherwise, too, our exports are limited by import restrictions, imposed due to dollar shortages or ambitious industrial development programs by importer countries. There is evidence also of defense spending tapering off to some degree. What does all this mean to us? Translated, it is a challenge to all merchandisers to sell more goods in the home market. Accordingly there will be a demand for expansion of credit, and the most important credit problem for the sales credit manager in the year 1953 will be to control credit in such a manner that individuals will not assume payments beyond their capacity to discharge. It is a responsibility that credit granters, all of whom should be sales conscious, must, in addition, be realistic in the discharge of their duties to the point of exercising necessary care and judgment, that will ensure payment of contracts rather than default.—H. C. Buker, President, Begg Motor Company, Ltd., Vancouver, British Columbia, Canada.



Give the Lady What She Wants (Rand McNally & Company, P. O. Box 7600, Chicago 80, Illinois, 384 pages, \$4.50.) An entire colorful century of American life is wrapped up in this vivid, zestful story of a little dry-goods store that started in the mud of Chicago's Lake Street in 1852 and to grow up to become a world-famous personality. This is a book for men and women alike. It is the story of Woman's Century in which females won the right to buy, dress and live as they choose. It is also the story of titanic struggles of businessmen to change the face of a raw, pioneer country. Marshall Field's was the store that learned to give the lady what she wants. Through the eras of the hoop skirt, the bustle, the Paris sheath gown and into modern times, the authors, Lloyd Wendt and Herman Kogan, relate the amazing, behind-the-scenes account of how Field's grew. Here, also, in scores of fascinating photographs, is a unique pictorial record of the American way of life during the past hundred years, especially the ever-changing panorama of women's fashions, and the development of modern merchandising methods. Every member of this Association would enjoy reading this book.



Encyclopedic Dictionary of Business (Prentice-Hall, 70 Fifth Avenue, New York 11, New York, 704 pages, \$10.00.) This Encyclopedic Dictionary of Business is designed to acquaint both business and nonbusiness people with the language of business. The definitions furnish business people with an understanding of business operations, methods, and practices and guide the layman in his business dealings. They inform those in and out of business about laws and legal terminology that affect their rights and obligations in everyday affairs. Terms encountered in the following broad fields of business activity or business subjects are defined: accounting, advertising, business forecasting, correspondence, credit and collections, finance, foreign trade, industrial relations, insurance, law, marketing, mathematics, office management, purchasing, real estate, retailing, regulation of business, sales management, taxes, traffic management, and other subjects. The terms have been consolidated in alphabetical order, regardless of the field or subject in which they occur. The entire editorial staff of Prentice-Hall participated in the compilation of this book. In addition, various experts outside of the organization reviewed the definitions that came within the specialized fields of knowledge. Here you will find a composite of knowledge obtained through the lifework and experience of hundreds of people in diverse fields of business.

Position Wanted

CREDIT MANAGER-OFFICE MANAGER. Eleven years' experience as credit manager, mail order and department store; thirteen years' investigator, collector, retail collecting agency. Age 48. Married. Excellent references. Box 3533, The CREDIT WORLD.

LEONARD BERRY

A GOOD PART of the average store's credit sales promotion effort is directed to the more or less already established credit customer. That is to say, when buying lists of credit prospects or selecting names from almost any source, satisfactory previous credit experience is often the deciding factor in such selection.

Nothing wrong with that procedure, certainly the customer who has built up a good credit record elsewhere in the community is an excellent prospect for another store. However, it does seem that the manager of credit sales who concentrates all his efforts on those established credit prospects is missing a real opportunity. We are talking about that enormously potential market, young people arriving at the age of independent buying.

Of course, it requires some courage to solicit the credit business of a young stenographer, secretary, or industrial worker with no credit record, simply an absence of derogatory information. Nonetheless, it is precisely such a person who is most flattered by the implied confidence and will thus more readily respond.

Fashion merchandisers know that the young woman for the first time having her own earned money to spend, is definitely clothes conscious. She knows the business and social value of a good appearance. Her expenses (especially if living at home) are likely to be relatively small. Extension of credit facilities not only brings in immediate sales volume but helps to develop strong store loyalties. When made to feel at home in the store—treated with dignity and consideration—she is likely to concentrate all purchases there—count that store her favorite.

Experience shows that young people carefully "briefed" on the wise use of credit usually regard their obligations with utmost seriousness. They develop "budget attitudes" and can be counted on to respect credit limits and payment requirements. Given a "Junior Account," "Career Girl's Account," or some other limited and controlled form of credit, they will generally prove to be eminently satisfactory credit customers.

This Month's Illustrations

Following our usual procedure the letter illustrations this month are all from our honor city, Kansas City, Missouri, firms. We are grateful to A. Lloyd Dye, Manager, Credit Bureau of Greater Kansas City, for his fine cooperation in securing these outstanding letter illustrations.

Illustration No. 1. The letter declining a credit application, as we all know, is one of the most difficult

to write. In this letter illustration offered by F. H. Chrisman, Credit Sales Manager, Rothschilds, the problem is well-handled. The letter has a friendly tone even though credit is being declined. Some credit managers like to add to such communications an invitation to allow the store to reconsider the application at a future date. However, that is a matter of individual preference. Certainly the "decline" letter should be as brief as possible and at the same time friendly—this one is.

Illustration No. 2. Many credit executives believe that the soon to be paid-out instalment account offers the best promotion possibilities. Duff and Repp, fine quality home furnishings store, clearly agree with this viewpoint. This excellent letter is sent to such accounts within three months of final payment. Of course, it is only sent to those customers with a record for prompt payment. Such credit sales promotion letters, in the opinion of many, have greater effectiveness if signed, as is this one, by the store president.

Illustration No. 3. Here is an excellent example of collection letter. We especially like the opening phrase in which the idea that good store service to credit customers depends on prompt payment is stressed. It would be difficult to imagine any customer taking offense at this cordial and considerate note from Emery, Bird, Thayer. The letter is processed on paper measuring $7\frac{1}{2} \times 7\frac{3}{8}$ inches, considerably shorter than the regular letter size. Thus the commendable brevity of the letter is matched by the letter paper. A good point, we think. The only suggestion we would make would be to type the name of the person signing the letter below the signature for easier customer response.

Illustration No. 4. This outstanding new account letter is used by Harzfeld's. Note that the "good news," the notification of establishment of credit facilities, is given right away in the opening paragraph. This is good letter-writing technique. Then the letter gives the new charge account customer a glimpse into the world of fashion offered by Harzfeld's. The inclusion of the name of the store's Personal Shopper is sound. Many stores are profitably stressing this type of personal service, which is greatly facilitated by the credit convenience. The letter, incidentally, is typed with a green ribbon, the distinctive color characteristic of Harzfeld's.

Illustration No. 5. This printed new account notification is used by Emery, Bird, Thayer. Those stores using printed or engraved new account notices claim several advantages for them. This is especially well designed. Note the fact that the new account may be used at store branches in Kansas City and also at Scruggs-Vandervoort-Barney in St. Louis, and Denver Dry Goods Co., Denver, Colorado. This is a fold-over form, only one side of which is shown. ★★★

*Reading this publication carefully
and regularly will contribute to
your success as a Credit Executive.*

Rothschields

SINCE 1855
IN LINE OF TRADING
KANSAS CITY, MO.

February 27, 1953

Mrs. John C. Customer
600 Main Street
Kansas City, Missouri

Dear Mrs. Customer:

Your recent application for a charge account is gratefully acknowledged, and it has been our pleasure to give it careful consideration.

The information which we have been able to secure, however, does not permit us to pass favorably on your request at this time.

We appreciate the opportunity you have given us to serve you, and we thank you for your cash patronage. You will find our personnel ready to assist you at all times, and we hope that we may continue to merit your good will.

Yours very truly,
ROTHSCHILD & SONS, INC.

F. S. Christman
Credit Sales Manager

①

Emery Bird Thayer

KANSAS CITY, MISSOURI

February 27, 1953

Mrs. John C. Customer
600 Main Street
Kansas City, Missouri

Dear Mrs. Customer:

Prompt payment enables us to render the highest measure of service to our customers.

Won't you please assist us in maintaining this standard by forwarding payment today on your account of \$35.19.

This is just a friendly reminder. Your co-operation will be appreciated.

Yours very truly,
EMERY BIRD THAYER COMPANY

Collection Department

③

Emery Bird Thayer

is pleased to open a charge account for you
and welcomes you to its list
of regular patrons.

Your account is payable to both our Division and Trust companies.

EMERY BIRD THAYER COMPANY MAY BE USED AT KANSAS CITY CREDIT BANK
AT KANSAS CITY, MISSOURI, AND KANSAS CITY CREDIT BANK AT KANSAS CITY, MISSOURI.

⑤

DUFF and REPP



THE QUALITY NAME IN HOME FURNISHINGS

The quality name in Home Furnishings

February 27, 1953

Mrs. John C. Customer
6000 Walnut Street
Kansas City, Missouri

Dear Mrs. Customer:

Thank you!

Are you wondering why? It is because your account is about paid out, and we want to thank you for the fine, prompt manner in which you have made your payments.

If you have not been through our store recently, do come in and visit every one of our newly decorated floors, which are full of sparkling new merchandise. We believe it will prove most interesting.

When you find something you like and want, come to the credit office on the second floor and see how easy it is to add it to your account.

It is a privilege to have your account on our books, and you will find us always eager to serve you in any way.

Cordially yours,

F. S. Furman, President
Duff & Repp, Incorporated

②

February 27, 1953

Mrs. John C. Customer
600 Grand Avenue
Kansas City, Missouri

Dear Mrs. Customer:

A Harzfeld charge account has just been opened for you. We hope you will find this a convenient service.

The leading labels in the fashion world are assembled in our many interesting shops. You will find American couturier collections, beautiful accessories, and magnificent furs. Many are exclusive with Harzfeld's in Kansas City. In addition, delightful surprises await you in our special Gift and Baby Shops.

We look forward to seeing you. If you cannot come in personally, drop a note to Miss Paula, our Personal Shopper. She will be delighted to help you.

We want you to feel that this is your store. If there is anything we can do for you at any time, please let us know.

Sincerely,

A. M. Lawrence
CREDIT MANAGER

④

Harzfeld's

Attila Lane
KANSAS CITY 6

Comparative Collection Percentages

January 1953 vs. January 1952

DISTRICT and CITIES	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						MEN'S CLOTHING STORES					
	1953			1952			1953			1952			1953			1952			1953			1952		
	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO
1 Boston, Mass.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Lynn, Mass.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Providence, R. I.	47.8	54.1	38.6	51.3	55.2	43.2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Springfield, Mass.	56.5	62.0	51.0	59.0	64.2	53.9	25.1	25.2	25.0	30.8	35.9	25.8	—	66.0	—	68.7	—	—	51.4	—	—	—	51.4	—
Worcester, Mass.	—	43.9	—	—	39.0	—	—	25.8	—	—	28.5	—	54.3	56.0	52.7	55.1	56.0	54.3	—	—	—	—	—	—
2 New York, N. Y.	48.1	58.8	43.2	45.5	58.0	42.0	16.0	26.6	15.0	20.3	24.3	17.0	47.0	50.9	45.0	48.0	53.8	45.4	52.4	53.1	51.7	56.2	57.6	54.9
3 Atlanta, Ga.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4 Birmingham, Ala.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
New Orleans, La.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Cincinnati, Ohio	55.9	62.0	47.7	53.4	58.8	45.3	18.3	23.1	16.7	17.4	19.1	12.7	63.0	68.9	57.2	63.3	69.9	56.7	55.4	61.8	49.1	55.1	60.2	51.1
Cleveland, Ohio	45.5	58.1	38.2	47.2	56.4	38.3	20.3	24.1	15.1	22.8	26.6	18.7	35.5	38.5	32.5	37.6	41.5	33.7	71.5	79.1	32.0	74.4	83.4	41.1
Columbus, Ohio	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Detroit, Mich.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5 Grand Rapids, Mich.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Louisville, Ky.	40.8	44.0	37.5	47.6	51.5	43.8	15.0	15.6	14.4	18.6	20.9	16.2	48.2	55.8	40.2	50.8	57.0	46.3	48.4	56.1	43.2	46.4	55.4	39.3
Ottawa, Ontario*	41.6	49.3	35.6	42.1	42.6	41.7	15.2	15.9	13.5	21.8	22.7	20.9	—	—	—	—	—	—	—	—	—	—	—	—
Toledo, Ohio	43.4	45.6	39.6	40.4	44.8	38.4	16.9	19.3	14.2	18.2	21.0	15.0	61.5	62.7	60.4	65.1	69.2	61.0	—	46.3	—	—	47.1	—
Youngstown, Ohio*	—	41.0	—	—	35.1	—	—	15.6	—	—	15.6	—	—	—	—	—	—	—	—	62.8	—	—	56.8	—
6 Cedar Rapids, Ia.	51.3	60.1	42.5	53.0	56.0	50.1	18.8	19.5	18.1	19.6	20.3	19.0	—	71.0	—	—	70.0	—	59.1	66.1	52.3	61.0	66.3	55.7
Davenport, Ia.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Des Moines, Ia.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
7 Minneapolis, Minn.	53.4	59.2	46.1	56.4	61.8	49.8	18.6	21.2	16.6	24.4	24.8	23.6	—	59.7	—	—	62.1	—	50.1	51.7	46.6	50.2	55.1	45.3
Omaha, Neb.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Sioux City, Ia.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
8 Kansas City, Mo.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
St. Louis, Mo.	50.9	54.8	47.9	52.8	54.9	51.3	21.6	22.1	13.4	18.4	20.8	15.9	42.0	54.2	34.1	39.7	57.8	27.3	49.9	53.4	45.4	49.3	50.8	46.5
9 Denver, Colo.	44.8	51.4	39.3	46.5	52.6	38.3	26.8	21.4	21.7	20.1	21.4	19.1	46.3	51.4	41.2	48.4	52.6	44.2	46.3	51.4	41.2	48.4	52.6	44.2
Salt Lake City, Utah	49.3	50.1	47.8	53.2	59.3	48.5	19.9	24.1	17.7	20.4	23.5	17.5	—	—	—	—	—	—	54.8	55.7	53.9	50.6	53.6	47.6
10 Spokane, Wash.*	—	51.0	—	—	52.0	—	—	14.5	—	—	15.9	—	—	—	—	—	—	—	—	—	—	—	—	—
Vancouver, B. C.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Victoria, B. C.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11 Los Angeles, Calif.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Oakland, Calif.	54.2	57.7	51.2	52.8	52.9	51.5	17.5	19.1	15.2	18.0	19.7	18.1	56.4	59.6	50.0	57.1	60.5	55.2	—	49.0	—	—	48.6	—
Santa Barbara, Calif.	61.6	64.0	59.1	61.7	66.1	57.1	—	—	—	—	—	—	55.6	59.5	53.4	55.3	56.3	54.2	61.3	70.0	50.7	59.8	67.0	51.4
San Francisco, Calif.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
12 Baltimore, Md.	45.7	52.8	40.0	43.5	51.3	31.7	18.6	21.8	41.4	20.0	30.2	14.4	40.8	55.9	26.8	42.6	53.1	30.0	45.2	51.0	39.4	44.4	48.9	39.9
Pittsburgh, Pa.	40.1	48.8	32.8	38.5	52.4	31.1	14.2	19.6	11.2	16.5	21.3	10.9	—	—	—	—	—	—	—	—	—	—	—	—
Washington, D. C.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13 Milwaukee, Wis.	54.7	55.9	47.5	56.8	57.2	44.7	18.9	19.7	18.0	19.6	20.7	18.5	—	45.6	—	—	46.0	—	67.0	70.1	48.5	50.6	66.2	50.0

* Figures for December.

DEPARTMENT STORES reported an expansion of 10 per cent in installment accounts receivable in December as compared with 8 per cent in the same month last year. The amount of installment accounts outstanding at the end of the year was 18 per cent above the end of 1951. Although collections on these accounts increased 5 per cent during the month, the collection ratio was unchanged at 17 per cent. Charge accounts outstanding at the end of December were up 33 per cent from the preceding month-end, and continued above the year-ago level. The increase from a month ago

was largely seasonal in nature. The ratio of charge-account collections to balances outstanding on the first of the month was again 48 per cent, but was 3 points higher than in December, 1951. Each type of transaction increased substantially during December, with the most marked gain in cash sales. The latter was up 63 per cent and accounted for nearly one-half of total sales. Installment sales showed a monthly gain of 34 per cent and charge-account sales, 57 per cent. Gains from a year ago were moderate for all types of sale.—Federal Reserve Board.

Credit and Collection Procedure

Charge Account Service Established by Chicago Banks

"Charge it to my bank" is now being said by many shoppers in the Chicago area. A shopper's charge account service, similar to those now successfully operated by banks in New Jersey, New York, Michigan and other states, is now being offered for the first time by a group of banks in Southwest Chicago. The sponsoring banks are the Pullman Trust and Savings Bank, Standard State Bank, and the State Bank of Blue Island. These banks are now accepting applications from individuals for charge accounts which may be used in purchasing merchandise from a wide variety of retail stores. Merchants are also being incorporated into the program which began operating on March 1, 1953.

Each approved charge account customer will receive an embossed plate. Each approved merchant will have a machine for imprinting the plate on charge slips. A charge account customer, purchasing from one of the approved merchants, will simply produce her plate and order the item charged just as she does in a department store. The merchant deposits the charge slips to his bank account and receives immediate cash credit for the amount of the sales ticket, less the bank's charges.

The shopper will make charge purchases at a number of merchants during the month but will receive only one monthly statement from the bank, together with her sales slips explaining the charges. She pays for all purchases with one check or payment, in person or by mail, at the bank which issued her shopper's credit plate. The shopper pays nothing extra for this service. Arrangements are also made so that she can even make payments from her automobile at the drive-in deposit windows at Pullman Bank or Standard State Bank, if one of them provided the credit plate originally.

In order to open a charge account under this plan, the shopper calls in person, telephones or writes to one of these banks and a questionnaire is mailed to her. After the questionnaire is returned and approved, a credit plate is mailed to the customer. J. C. Gilliland, former General Credit Manager, Aldens, Chicago, and Director, National Retail Credit Association, is in charge of the charge account credit service, it was announced by Bartholomew O'Toole, president of the three banks. Mr. Gilliland, a veteran of 32 years in the retail credit field, has been setting up a staff and developing procedures for this program during the past few months.

Department stores, men's and women's wear, dry goods, hardware, furniture, shoe, drug, millinery, auto accessory stores, camera and hobby shops, and service stations are being signed up for the service which is available to retailers of all categories except food and liquor. Mer-

chants now carrying their own charge accounts will have the opportunity to sell these accounts to one of the banks and can then devote their full energies and capital to merchandising. On future sales they will have cash immediately available on such sales instead of waiting until the customer pays his bills.

In other cities, bank charge accounts have boosted retailers' sales as much as 30 per cent. Merchants now losing out on sales because of the lack of charge account facilities will now be able to offer such service. The bookkeeping expense and operating and personnel problems attendant upon a small merchant's entry into the charge sales field will be automatically eliminated by the shopper's charge account service. The merchant has none of the problems of credit investigation, approval, collection and credit losses. Telephone orders can be taken and delivered without the time losses and difficulties on C.O.D. deliveries.

The service helps the small merchant meet credit competition. It also enables him to increase his over-all sales volume by offering charge accounts and provides cash for taking advantage of merchandising opportunities. It benefits the customer by making available a large variety of merchandise close to home and on a charge basis. ★★★

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Credit
Association

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Take a Second Look

IF YOU ARE a busy credit executive of a department store or other retail firm which has a credit department, or if you are handling your own credit applications, I have a suggestion this month which I think will help you. During these days of competitive problems, rising costs and personnel turnover, it would be little wonder if you overlooked something that may be happening right in your own establishment, large or small.

My first point is that you should always use your local credit bureau to check every new application for credit. But you don't necessarily have to obtain a full report. Consequently, you might review what actual policy is being followed by the people in your firm in using the credit bureau.

You may find that they are meticulously following an original policy of clearing everything through the credit bureau, or on the other hand they may have fallen into bad habits of trying to use the eyeball method and hand-picking your customers.

Hand-picking is costly. You could easily miss putting some good credit customers on your books, just as well as having the misfortune to select some undesirable ones.

On the other hand, it is just as foolish to try to judge people by their appearance and occupations, their place of residence or any other surface conclusion. The most successful insurance companies not only expect insurance applicants to fill out a complete statement, but they use their position to help them determine the acceptability of the risk.

You may find you are not employing this principle in the selection of your customers. It may be wise, then, for you to take a second look to determine whether time has erased your original instructions or resulted in carelessness on the part of those who are charged with the responsibility of selecting your customers.

Take a Complete Application

My second point is about the way you take the credit application. Of course, if you meticulously have the

credit customer answer all questions on a standard credit application form (which you obtained either from the National Retail Credit Association or from your local credit bureau) you will seldom become involved in trouble.

But too often too many people who handle credit customers don't get all the answers. The result is that when the call goes to the credit bureau asking for information about someone who is a newcomer to your community, lack of former addresses and former employment often results in confusion, delay and the expenditure of wasted money going on a wild-goose chase.

For instance, it is a mistake to ask the credit bureau for information without giving the bureau the full former address of the individual, no matter from what town he moved. Try always to get the full name. Initials are most unhelpful at times when the bare name and address are all that your credit department asks your local credit bureau to find out about. Then, too, it cost money and frayed nerves because of slow service which results from inadequate information about employment or lack of identifying background information about the newcomer for at least five years or more.

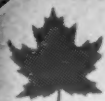
Get As Complete Antecedent Information as Possible

During the past 10 years, millions of people have moved in and around North America. When they give as reference a former location, be sure to find out how long they lived there. If it is only a year or two, where did they live before that? After you read these thoughts, talk to the people in your office who are responsible for calling the credit bureau. Find out if these people ask the credit bureau operator if the information they have to start the investigation about your newcomer is sufficient.

Your credit bureau operator can often tell you that in some areas which are highly industrial, considerably more information is needed to make an inquiry on people who formerly worked in such and such a community.

By taking a second look at this policy alone, you will reduce the number of slow clearances between your credit bureau and your office. You will also reduce the number of disgruntled customers who think you do not use good business judgment in handling their applications for credit. ★★★

To do more business profitably, and to help locate "lost customers," always take a complete credit application from all new accounts and check these through your Credit Bureau.



Building Communications

E. R. SUTTIE, *Assistant Manager of Industrial Relations, The Steel Company of Canada Ltd. Hamilton, Ontario, Canada*

IT IS INTERESTING to examine how history has been shaped by communications. Beginning with the earliest recorded events, you may recall that the children of Noah, when they emerged from the Ark, decided to build a tower that would reach to Heaven and set about its construction in all seriousness. We are told how their language was confounded so that they did not understand each other's speech and the project failed. The story of the Tower of Babel is a familiar one and from this circumstance the people were scattered to form the beginning of the different nations. We remember this incident in the use we make of the word "babbling" to describe a confusion of senseless sounds typically encountered at a large cocktail party.

Throughout history great empires have fallen because of poor communications or because the invader had better communications. In early English history an example can be found in the Battle of Hastings. During a day of strenuous fighting the valiant English had successfully held against the better-equipped and better-trained armies of William of Normandy. At nightfall King Harold was mortally wounded and the tide of battle turned because the directing force, or communications centre, of the defenders had been destroyed. Thus a new period in the history and development of the British people was brought about by an event involving a change in communications. In the days of Elizabeth the First the powerful Spanish armada was defeated when the fire signals, a means of communication, alerted all England to the threat and the carefully prepared defense plans were immediately put into action.

In the early and critical development of Canada we can find examples of the same nature. The Battle on the Plains of Abraham determined for all time the fate of New France. Here two gallant generals of equal military genius, Montcalm and Wolfe, were fighting the last battle for the possession of the colony. A vital factor in the success of the British, under Wolfe, was the advantage they had in better communications. During the siege of Quebec, which preceded the battle, Wolfe was able to keep in touch with his widely scattered outposts because he controlled the river. Montcalm was obliged to send patrols overland in order to accomplish the same end and his best troops were already weary before the final engagement. You will remember that when the British were moving to scale the cliffs to the Plains the challenge of the French sentry was answered by a young Highland officer, who spoke French perfectly and was able to ensure safe passage for the infantry.

However, it is not this kind of communications that I would like to discuss. There is another and more personal type of communications, which is part of the busi-

ness and social life of each of us, and that is, the communications between people. Surely, there is no subject of more compelling interest in the world today. One of the baffling obstacles to understanding between the U.S.S.R. and the Western nations is the impenetrable iron curtain they have set up, which prevents the Western world from communicating freely with the unhappy people who live on the wrong side of the curtain.

In business we normally employ two types of communications: what we write and what we say. Since it is more readily done, I should like to deal first with what we write. There has been a great deal said recently about business letters and how badly most of them are written; a fact which must be admitted. The stilted form letter, cold and colourless, arrives on our desks in a never-ending stream. We all fall into the trap of using a jargon that is related to our own specific activity and is probably quite meaningless to anyone unfamiliar with the theme. Such letters, heavily larded with technical terms and catch phrases, at the very best make poor reading.

A classic example of this is the story of a plumber who wrote to the Bureau of Standards for advice. He had found that hydrochloric acid was most successful in clearing clogged drains but he wanted to know if it was safe to use. His enquiry brought a reply from one of the experts that "the efficiency of hydrochloric acid is indisputable but the corrosive residue is incompatible with metallic permanence." The plumber was pleased and wrote to thank them for letting him know that his method was approved. This was very upsetting to the expert who despatched a second letter as follows: "We cannot assume responsibility for the production of toxic and noxious residue with hydrochloric acid and suggest you use an alternative procedure." Once again the plumber replied he was glad to know that the Bureau approved of hydrochloric acid. The matter was only put right when another official, less scientific, was asked for advice. He closed the file by dictating this: "Don't use hydrochloric acid. It eats holes in the pipes." I think this episode points up the matter nicely and it is quite probable that many of you, from your own experience, could produce equally entertaining examples of bad communications. It has always seemed unfortunate to me that we feel compelled to make our business letters so stiff and to use constantly the same hackneyed phrases. It would be so much more pleasant to receive a letter that had a breath of warmth in it. I am quite sure that an effort to make business letters more human would be well worthwhile and, indeed, would produce more prompt and cooperative action than does the type of letter we commonly read.

The real problem in communications is related to our daily verbal relationships with other people and is by no means confined to the business situation. It occurs in the home and in all other social intercourse. Communications is an effort to establish reciprocal relationships. Not only do we wish to be understood but we must also understand. Because we convey thoughts by the use of words it is important to recognize that there can be a difference in the meaning of words. We learn in school to put words together to make a sentence but it is not quite as simple as that because words mean different things to different people and, frequently, have no meaning out of context. Let us take a look at a simple descriptive word as an example. To someone in Montreal a blizzard calls to mind those uncomfortable occasions when the city is smothered with snow and it takes hours to reach home in the evening. A person from the Middle West would remember a blizzard as a wild storm in which the wind, sweeping over the open prairies, piled the snow in ten-foot drifts around the farm buildings. To me a blizzard recalls a southwest snowstorm in Nova Scotia with snow and salt spray hard-driven by the biting wind and behind it all the crash of breakers on the foam-flecked rocks.

Roethlisberger in *Management and Morale*, a book which should be read by all segments of management, has put it very clearly as follows: "Words refer not only to things happening outside our skins but also to our attitudes, feelings and sentiment towards these objects and events. This means that many statements are expressed which have little or no meaning apart from the personal situation of the person who makes them. This not only makes the interpretation of what people say difficult but also makes it imperative to do a skilful job, because if we refer words to a wrong context we are likely to misunderstand what a person is telling us. The channel of communications in a business organization often becomes clogged because words are referred to wrong contexts."

It is a tremendous obstacle to understanding if we fail to recognize the truth of this statement. The attitude, sentiment or emotion is the carrier wave on which words are superimposed. To understand we must not only receive the words in a physical sense but we must also receive the sentiment or expression of attitude implied by the words used. Failure in communications often stems from this difficulty. It is not unlike two ham radio operators trying to communicate on different wave lengths. No matter how loudly they may broadcast they cannot get through until they are on the same wave length. In establishing reciprocal verbal relationships it is necessary to use the words that convey a meaning that makes sense to the listener and, in turn, to put the same interpretation on the words he uses as was intended. I am sure that there are few who have not had an experience along these lines. Do you remember an occasion where a girl in your office sulked all day or even dissolved into tears; or the time when you were gravely suspicious that your wife would put ground glass in the whipped potatoes? If someone asked you what was the matter you probably shook your head in bewilderment and said "I guess I must have said the wrong thing." Situations such as these just described can arise very easily from the use of wrong words or from words interpreted wrongly.

The recent interest that has been taken in this whole problem of communications has produced a better understanding than formerly existed. In fact there is a new science called "General Semantics" which can be described simply as an effort to arrive at a common understanding of the meaningfulness of words. How patient we are in our efforts to understand what a small child, handicapped by inadequate vocabulary, is trying to say and yet we are so impatient with adults when we fail to catch what they mean. We forget that very often grown-ups are merely children with large collar sizes.

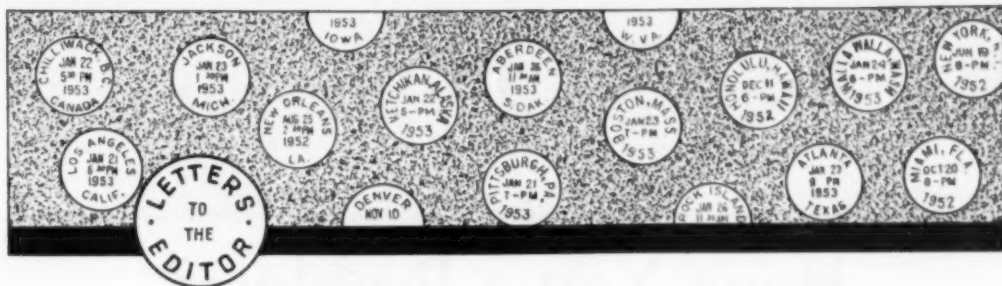
There is no situation more hopeless than that between people where the one is expressing attitude or sentiment while the other is confining his thinking and talking to facts alone. Neither one recognizes the difference and there can be no resolution of a problem under these circumstances. This is an important element in union management relationship and successful industrial relations depend on each party appreciating the approach of the other and trying to find a common basis which will allow the communication of both fact and attitude, with reasonable weighting on both factors. The importance of this should be evident and, moreover, in these situations one must understand that neither approach is confined to either of the parties because on one problem the position taken may be based on fact, while on the next problem the attitude dictates.

I should like to suggest a simple rule for building communications. It is this: "Learn to listen." Too frequently we are so obsessed with the rightness of what we think that we make no effort to understand what the other person is trying to say and generally finish up by exchanging rude names. When an individual comes to you with a problem it requires skill and patience to get him to talk the thing out. In many cases the real reason for the problem is quite removed from the situation which created it. It is only by persuading the individual to talk that you can learn the reason that underlies his problem. By listening and endeavouring to get the real meaning of what is being said one can add to one's skill in communications.

Be a Good Listener

I venture to suggest that, with the tremendous interest now being taken in the whole matter of communications, within a decade one of the most significant characteristics a manager can have will be the reputation of being a good listener. If one can acquire the habit of listening and by skilful questioning pull out the complete thinking of the person one is talking to, it is possible to find the words to use in replying to him that will convey real meaning. This skill need not be confined to business activities but it has a place in all the social situations that are part of one's normal pattern of living. Better communications can make life a vastly more satisfactory and interesting experience. We are handicapped at every turn by lack of understanding.

The poets and prophets whose names are household words are simply men who were skilled in communications. When they were not understood by their contemporaries they were classed as mystics, only to be rediscovered generations later when the level of understanding made their words meaningful. In modern times one of the most skilful of these was Gilbran and in his masterpiece, *The Prophet*, he has something interesting to say about communications. The prophet was return-



"I would appreciate your sending me 30 membership signs which you were so kind enough to send me with my membership folder. These plaques will be of great value to me in displaying them in our stores as I have with the one you originally sent me. I find that people read and respect them."
—Reuben Dobbis, Credit Sales Manager, Kitty Kelly Shoes, New York, N. Y.

"Kindly send us 1,000 of each of the enclosed stickers. We would like to see samples of all your stickers as in the comparatively short time we have used them we have found them quite effective."
—M. H. Roth, Buddy Lee Inc., New York, N. Y.

"May I express my thanks and appreciation to The CREDIT WORLD for making available such a publication for the use of younger and inexperienced men in the retail credit field."
—Carl Christenson, B. F. Goodrich Store, Des Moines, Iowa.

"I was agreeably surprised and honored to receive the honorary life membership certificate of the N.R.C.A. at a meeting of our local Credit Association recently, and I want to thank you and your staff for allowing me the privilege of this honor. It will be placed on the wall of my office and I am certainly proud of it."
—O. A. Scherer, Customer Relations Director, The Bon Marche, Seattle, Wash.

"I enjoy reading The CREDIT WORLD every month and I get many good ideas from it."
—Gus L. Sanders, Credit Bureau of Springdale, Springdale, Ark.

"For some time we have been looking for an application blank that would serve our purpose a little better than the present type we have been using. On the back cover of the January CREDIT WORLD we found your application for credit which was approved and adopted by the members of the association. We feel this is the application blank we have been looking for."
—Gerald Meyer, Credit Manager, Blattners, Lima, Ohio.

ing home after spending several years among the people of a neighbouring city. Just before his departure his friends gathered and in turn asked him to express his views on many subjects. A weaver asked him to speak of clothes, a lawyer about laws, a judge about crime and punishment, and so on. This is what he has to say about communications: "And then a scholar said, 'Speak of Talking.'" and he answered saying: "You talk when you cease to be at peace with your thoughts; and when you can no longer dwell in the solitude of your heart you live in your lips, and sound is a diversion and a pastime.

"In most of your talking, thinking is half murdered. For thought is a bird of space, that in a case of words may indeed unfold its wings but cannot fly. There are those among you who seek the talkative through fear of being alone. The silence of aloneness reveals to their eyes their naked selves and they would escape. And there

"I wish to thank the N.R.C.A. for the Life Membership Certificate which was presented to me at a recent meeting of our local association. I have just completed 50 years of service with Byck's and was honored by a dinner party at which I was presented with a diamond pin and a life membership in the local association, credit bureau and Credit Women's Breakfast Club engraved on a copper plate."
—Alma Spiller, Credit Manager, Byck Brothers & Co., Louisville, Ky., Past President, Credit Women's Breakfast Club of Louisville.

"I have read the December and January issues of The CREDIT WORLD and look forward to reading every new issue."
—D. S. Robbins, Gittleman's, Inc., Alma, Mich.

"I want to thank you and the N.R.C.A. for the Quarter Century Club certificate which I received some time ago. I am having it framed to hang in a prominent place in my office."
—Gussie Hanlein, Sidney West, Inc., Washington, D. C.

"Enrolling me as an honorary life member of the N.R.C.A. is the best news I have received for a long time. For some time now, I have been an honorary life member of the Houston Advertising Club. I am making plans to attend the annual meeting of the National Association in New Orleans next June and I hope that nothing prevents my being there. I look forward to receiving The CREDIT WORLD each month."
—William S. Patton, 3403 Locke Lane, Houston, Texas.

"We are always happy to cooperate with our friends in the National Retail Credit Association and particularly offer our congratulations on the November CREDIT WORLD which in our estimation is one of the finest ever edited."
—W. O. Perlick, Credit Sales Manager, Meachams, Fort Worth, Texas.

"Would you please send us a supply of 'The Credit stickers.' We used a few that you sent us on some of our slow clients and it really brought results."
—A. E. Byrne, Abshire's, Insurance-Loans-Real Estate, Bellingham, Wash.

are those who talk, and without knowledge or forethought reveal a truth which they themselves do not understand. And there are those who have the truth within them, but they tell it not in words. In the bosom of such as these the spirit dwells in rhythmic silence.

"When you meet your friend on the roadside or in the market place, let the spirit in you move your lips and direct your tongue. Let the voice within your voice speak to the ear of his ear; for his soul will keep the truth of your heart as the taste of the wine is remembered when the colour is forgotten and the vessel is no more." I think that Gilbrán understood communications. I suggest that it is well worthwhile for each of us to try to build better communications, for in the process we will add to our own stature and value in the office, in the home and in the community. To all there are rewards to be gained by better communications. ***

for the *Smaller Businessman*

SALES PROMOTIONS • OFFICE PROCEDURES • CREDIT AND COLLECTION PROBLEMS

Have You a Problem?

IN RESPONSE to many requests, and to fill what seems to be a real need, we are this month starting a *Credit Clinic* designed especially for the smaller businessman. A panel of representative credit executives, selected from a cross-section of business and geographic location, has been named. Questions concerning the credit and collection problems of the smaller businessman will be referred to this panel. Each panel member will be asked to answer the question in his or her own way.

The question and the answers of the panel members will be printed in this column. It is understood, of course, that the opinions expressed are those of the individual panel members. No attempt will be made to coordinate or edit the replies in any way.

Smaller businessmen are urged to submit their questions so that they, and all other readers, may have the benefit of the combined thinking of the panel of experts. Please send questions to Leonard Berry, Educational Director, National Retail Credit Association, 375 Jackson Avenue, St. Louis 5, Missouri. The first question submitted to our panel was:

QUESTION: *I am a hardware merchant doing only a small amount of credit business. I would like to increase my credit sales volume. What specific steps should I take?*

ANSWERS: W. O. Perlick, *Credit Manager*, Meacham's, Fort Worth, Texas:

Charge Account business can be stimulated in the following manner:

1. Include an invitation to open a charge account with every cash sale package.
2. Include in your advertising an invitation to open an account.
3. Select a highly promotional item and sell it at a low mark-up, use this as an invitation to open new accounts.
4. Send Charge Account letters to your Lay-Away or C.O.D. accounts.
5. Tell your salespeople they will receive 50 cents for every new account name they submit to the credit office as soon as the new customer's account is approved and used.

J. E. Zimmerman, *Credit Manager*, Kirschman's, New Orleans, Louisiana:

Good credit service is the first important factor in increasing sales volume and building good will. Several specific steps could be taken to increase credit sales volume.

1. New accounts could be solicited by offering prizes to salespeople for each new credit account obtained by them and opened by the credit department.
2. Sending out periodically, say every three months, circulars advertising special purchases in hardware, to all open accounts eligible for add-on sales. A free gift could be offered (in the circular) to all preferred credit customers who purchase a specified amount during the sale.
3. Sending out letter to all good paid-out accounts just as soon as they are closed, inviting the customer to come back and re-open his account. Explain that his credit is already established, and you can give him lenient terms, prompt delivery, etc. Be anxious to serve him again.
4. Mailing circular to all your old satisfactorily paid-out accounts, offering as an inducement for them to re-open their accounts some sort of free gift. The credit message in the circular should read: "Your Credit is GOOD here. We invite you to re-open your account and use our famous easy Credit Terms. It is the sensible, convenient way to buy and enjoy the things you need. Buy everything on one handy account . . . on easy, extended payments."

Eldon L. Taylor, *Secretary-Treasurer*, Glen Bros. Music Co., Salt Lake City, Utah:

If I were doing a small credit business as a hardware merchant and wished to increase my credit sales volume, I would take the following specific steps:

1. Include in all my newspaper and other printed advertising the statement that convenient credit terms may be arranged, but would not state specific terms in advertising, leaving down payment and monthly terms to the individual deal in instalment sales and giving the credit interviewer the opportunity to impress open account terms at the time the account is opened.
2. Have salesclerks ask each customer, as soon as the sale is made, "Is this to be a charge?" If the answer is Yes, the regular account verification from the office will determine whether or not he has an account. If he does not have an account the salesclerk should explain the advantages of a charge account and assist him in opening one.
3. Have a few signs made up, suggesting "Open a charge account" and place in conspicuous places about the store and in front window.

4. Add to all mailing pieces a statement that a Charge Account may be opened and that monthly terms may be arranged on larger items.
5. Use the telephone to inform old customers and friends of special values, and at the same time remind them that they are entitled to a monthly charge account and that instalment terms may be arranged on larger items.

Mrs. Dorothe Bolte, Credit Manager, Lyons Brothers Lumber & Fuel Company, Joliet, Illinois:

It is difficult to give a specific answer to be used by the individual merchant in question as it would depend on the scope of the inventory and also to some extent on the potential market as regards size and type of community and surrounding areas.

However, speaking in generalities, perhaps the first and most important step is to formulate a definite credit policy and do some promotional advertising incorporating terms. If his reason for wanting to increase credit sales is to put idle capital to work and so-called "big-ticket" merchandise is not being handled, he might venture into this field on an instalment basis. However, if this is not desirable, or practical, and only small unit sales comprise bulk of present business, he might encourage cash customers, after careful screening, to increase their purchases through extending credit.

If the merchant is located in a community where new construction is quite prevalent, he could contact the contractors, both general and subs. This type of account is generally very desirable and once established requires a minimum of follow-up for continued selling and can account for a sizable volume.

R. M. Wylie, *Credit Manager*, Weinstock-Lubin, Sacramento, California:

Assuming that an employee of the organization is acquainted with the fundamentals of credit, increased credit volume may be secured as follows:

1. Keep the credit customers buying who are already on the books. When the account is paid, send a thank-you letter and follow this with others if the first letter does not bear results.
2. Use show cards throughout store and in window displays to advise customers that charge accounts are invited.
3. Obtain a listing of the names in the immediate vicinity of place of business and mail letters explaining type of accounts offered.
4. Run a contest or drawing and from names and addresses on tickets obtain mailing list and promote from that.
5. Community newspaper advertisement of credit plan.
6. Listings from deliveries if deliveries are made.
7. Credit applications placed through the store with business-reply envelopes for the convenience of customers. ★★★

Editor's Note: We would welcome comments from our other members on this particular question. Are there any other points not touched on by the panel which would be helpful to our inquiring member? Especially would we be glad to receive copies of successful credit sales promotion letters used by hardware store credit managers.



**We have YOUR NAME
in this "Who's Who"**

As a member of the Credit Bureau we are called upon to report, at frequent intervals, the credit standing of our customers. This report is available to every merchant or professional man who is a member of the Credit Bureau.

Your account with us at the present time is **PAST DUE**. To maintain a good credit record, you should make a payment **NOW** or arrange for an early settlement.

Name _____

Owed to _____

Balance \$ _____ Past Due \$ _____

Date _____

Guard Your Credit as a Sacred Trust

Reluctant Dollars

Merchants and professional men can bring in reluctant dollars by using the tested Collection Insert shown here. Prepared at the urgent request of our members, it has a definite tie-in with the credit bureau. Not only does it turn past-due receivables into cash, but it is an effective means of educating the general public to pay bills promptly.

This is another success number in our series of Collection Helps. The size is three inches by five and one-half inches and it is printed in dark green ink on canary bond stock. Only \$3.00 per thousand.

NATIONAL RETAIL CREDIT ASSOCIATION
375 Jackson Ave. St. Louis 5, Mo.



Your Opinion, Please!

IT IS reported that there is a possibility of the Federal Reserve Board asking Congress to enact a law that will again give the Board control of consumer credit.

Recently I wrote members of our Board of Directors for their opinions. Eighteen replies were received and only one favored credit controls. Three members of the Legislative Committee were also opposed to any form of credit control.

In the January, 1953, issue of "Survey of Current Business" of the United States Department of Commerce, it is shown that consumer credit outstanding in recent years has averaged between 8 and 10 per cent of disposable personal income. The article states further: "The rise in 1952 represents the resumption of a trend which has been under way since 1945. Notwithstanding the recent large expansion, total consumer credit has borne about the same relationship to disposable personal income as in the five years preceding the war."

As stated in the columns of *The CREDIT WORLD* on previous occasions the experience of credit executives, starting with the "Crash" in 1929 and continuing through the depression years of the 30's, was highly satisfactory from a loss standpoint. Throughout the years, with the exception of World War II, when merchandise was difficult to obtain, credit sales increased, due largely to the promotional efforts of Managers of Credit Sales.

With few exceptions they have been strong advocates of sound credit terms and care has been exercised in checking applicants for credit.

Our Legislative Committee will meet in Washington in the early spring and will appreciate your thoughts on credit controls and a vote for or against such controls. It will assist them in reaching a conclusion and in taking the necessary action should an effort be made to enact credit control legislation.

General Manager-Treasurer
NATIONAL RETAIL CREDIT ASSOCIATION

Your Charge Account is Balanced

You've received it, and here you will see it in the month.

We Value Your Patronage!

Just a Blank Statement

To remind you that we have not yet received your payment, and to let you know that we are waiting for your payment.

Use Your Charge Account!

You Don't Owe Us a Cent!

You've received it, and here you will see it in the month.

Your Patronage is Appreciated!

Your Account is Balanced!

This is just a reminder that we have not yet received your payment, and to let you know that we are waiting for your payment.

Use Your Charge Account!

Of Course... We'll Mail You!

And your account is waiting for you. Come in and see it!

We Value Your Patronage!

This is a Blank Statement!

To remind you that we have not yet received your payment, and to let you know that we are waiting for your payment.

We Value Your Patronage!

Keep Your Credit Record Good

Whenever your credit record is a record of success, it is a record of success in the eyes of the world.

A good credit record is a record of success in the eyes of the world.

Pay each account in full on or before the date of payment.

Maintain a Good Credit Record

Whenever your credit record is a record of success, it is a record of success in the eyes of the world.

A good credit record is a record of success in the eyes of the world.

Pay each account in full on or before the date of payment.

Good Credit

The quality of credit is the quality of the man. It is the quality of the man that determines the quality of his credit.

A good credit record is a record of success in the eyes of the world.

Pay each account in full on or before the date of payment.

Please!

When you receive your bill, please pay it in full on or before the date of payment.

A good credit record is a record of success in the eyes of the world.

Pay each account in full on or before the date of payment.

Credit is Confidence

The quality of credit is the quality of the man. It is the quality of the man that determines the quality of his credit.

A good credit record is a record of success in the eyes of the world.

Pay each account in full on or before the date of payment.

How to Build a Good Credit Record

1-Pay each account in full on or before the date of payment.

2-Make correct payments on or before the date of payment.

3-Keep your credit as a record of success.

MAIL it Today

The bill of the month is a record of success in the eyes of the world.

A good credit record is a record of success in the eyes of the world.

Pay each account in full on or before the date of payment.

The 10th of the Month

The bill of the month is a record of success in the eyes of the world.

A good credit record is a record of success in the eyes of the world.

Pay each account in full on or before the date of payment.

Keep Your Credit As "Good As Gold"

The quality of credit is the quality of the man. It is the quality of the man that determines the quality of his credit.

A good credit record is a record of success in the eyes of the world.

Pay each account in full on or before the date of payment.

MAIL it Today

The bill of the month is a record of success in the eyes of the world.

A good credit record is a record of success in the eyes of the world.

Pay each account in full on or before the date of payment.

Terms on Monthly Charge Accounts

ACCOUNTS are due and payable upon receipt of bill. They are paid due if not paid within 30 days after bill is rendered.

Pay Promptly

Prompt Payment

Your account is a record of success in the eyes of the world.

A good credit record is a record of success in the eyes of the world.

Pay each account in full on or before the date of payment.

Just to Remind You...

The bill of the month is a record of success in the eyes of the world.

A good credit record is a record of success in the eyes of the world.

Pay each account in full on or before the date of payment.

"Good Credit"

The quality of credit is the quality of the man. It is the quality of the man that determines the quality of his credit.

A good credit record is a record of success in the eyes of the world.

Pay each account in full on or before the date of payment.

The Credit Bureau

The quality of credit is the quality of the man. It is the quality of the man that determines the quality of his credit.

A good credit record is a record of success in the eyes of the world.

Pay each account in full on or before the date of payment.

Protect Your Credit

The quality of credit is the quality of the man. It is the quality of the man that determines the quality of his credit.

A good credit record is a record of success in the eyes of the world.

Pay each account in full on or before the date of payment.

HAS IT OCCURRED TO YOU

The quality of credit is the quality of the man. It is the quality of the man that determines the quality of his credit.

A good credit record is a record of success in the eyes of the world.

Pay each account in full on or before the date of payment.

Prompt Payment

Your account is a record of success in the eyes of the world.

A good credit record is a record of success in the eyes of the world.

Pay each account in full on or before the date of payment.

Pay Professional Bills Promptly

The quality of credit is the quality of the man. It is the quality of the man that determines the quality of his credit.

A good credit record is a record of success in the eyes of the world.

Pay each account in full on or before the date of payment.

Just to Remind You...

The bill of the month is a record of success in the eyes of the world.

A good credit record is a record of success in the eyes of the world.

Pay each account in full on or before the date of payment.

Pay your bills in full TODAY

The quality of credit is the quality of the man. It is the quality of the man that determines the quality of his credit.

A good credit record is a record of success in the eyes of the world.

Pay each account in full on or before the date of payment.

MAIL it Today

The bill of the month is a record of success in the eyes of the world.

A good credit record is a record of success in the eyes of the world.

Pay each account in full on or before the date of payment.

Don't Check Your Credit

The quality of credit is the quality of the man. It is the quality of the man that determines the quality of his credit.

A good credit record is a record of success in the eyes of the world.

Pay each account in full on or before the date of payment.

Now—Please!

The quality of credit is the quality of the man. It is the quality of the man that determines the quality of his credit.

A good credit record is a record of success in the eyes of the world.

Pay each account in full on or before the date of payment.

You Forget to "Do It"

The quality of credit is the quality of the man. It is the quality of the man that determines the quality of his credit.

A good credit record is a record of success in the eyes of the world.

Pay each account in full on or before the date of payment.

A Friendly Reminder!

The quality of credit is the quality of the man. It is the quality of the man that determines the quality of his credit.

A good credit record is a record of success in the eyes of the world.

Pay each account in full on or before the date of payment.

TEST

The quality of credit is the quality of the man. It is the quality of the man that determines the quality of his credit.

A good credit record is a record of success in the eyes of the world.

Pay each account in full on or before the date of payment.

MAIL it Today

The bill of the month is a record of success in the eyes of the world.

A good credit record is a record of success in the eyes of the world.

Pay each account in full on or before the date of payment.

Don't Check Your Credit

The quality of credit is the quality of the man. It is the quality of the man that determines the quality of his credit.

A good credit record is a record of success in the eyes of the world.

Pay each account in full on or before the date of payment.

THE NATIONAL RETAIL CREDIT ASSOCIATION

• Has it occurred to you that your credit record, if entered upon your record in the file of the credit bureau, may jeopardize your credit standing?

• The National Retail Credit Association, of which we are a member, is a national nonprofit organization with more than 10,000 members in the United States, Canada, Alaska, and Hawaii. In the file of its affiliated credit bureaus are maintained complete, up-to-date records on millions of credit customers. These form the basis of credit reports used by many retailers and others to judge the character and creditworthiness of applicants for credit.

• The purpose of this reminder is to help you protect your credit standing in the community by making payment NOW.

Name _____ Address _____

Credit _____

Balance \$ _____ Past Due \$ _____

Due _____

Send Your Credit as a Saver, Now

TEST

THE NATIONAL RETAIL CREDIT ASSOCIATION

• Has it occurred to you that your credit record, if entered upon your record in the file of the credit bureau, may jeopardize your credit standing?

• The National Retail Credit Association, of which we are a member, is a national nonprofit organization with more than 10,000 members in the United States, Canada, Alaska, and Hawaii. In the file of its affiliated credit bureaus are maintained complete, up-to-date records on millions of credit customers. These form the basis of credit reports used by many retailers and others to judge the character and creditworthiness of applicants for credit.

• The purpose of this reminder is to help you protect your credit standing in the community by making payment NOW.

Name _____ Address _____

Credit _____

Balance \$ _____ Past Due \$ _____

Due _____

Send Your Credit as a Saver, Now

You Need This Book

*Indispensable to retailers, financial institutions, doctors, lawyers,
and collection agencies. Saves time and worry!*

THE SOLDIERS' AND SAILORS' CIVIL RELIEF ACT OF 1940, AS AMENDED

● In addition to the entire text of the Relief Act of 1940 as amended, supplementary material is provided to enable credit granters to obtain a clear understanding of the Act. This information is presented under the following headings:

- (1) High lights of the Relief Act: Facts of interest to the credit grantor.
- (2) Analysis of the Relief Act: Prepared by a prominent New York attorney and written in the language of the layman.
- (3) Questions and Answers on the Relief Act: Thirty-nine problems of everyday occurrence answered in a way which will assist you to secure a working knowledge of the Act. Necessary forms illustrated.

This new booklet, approved by N.R.C.A. counsel, is practical, easy to understand, and puts the information you want right at your finger tips. The Relief Act will not worry you if you have this booklet on your desk for ready reference.

Convenient pocket size, 5¼" x 7¾". Sixty-four pages of vital information in clear easy-to-read type. A book you cannot afford to be without. Get your copy now! Fill our coupon below and mail with check TODAY.

Price to members, 75¢ (to nonmembers, \$1.00)

NATIONAL RETAIL CREDIT ASSOCIATION
375 Jackson Ave. St. Louis 5, Mo.

Clip and Mail This Coupon Now!

NATIONAL RETAIL CREDIT ASSOCIATION
375 Jackson Avenue, Saint Louis 5, Missouri

Enclosed is check for \$_____ for which please send me
copies of The Soldiers' and Sailors' Civil Relief Act (1940 and
Statutes Consolidated) at 75¢ a copy postpaid (nonmembers, \$1

Name _____

Address _____

City _____

State _____

DO YOU KNOW THE ANSWERS TO THESE QUESTIONS?

- What action should a Merchant take to protect himself when credit is requested by a person classified 1A or 3A by his Draft Board?
- What kind of form should be used when there is a voluntary "give-up" of merchandise by a service man or his dependents?
- Can a service man waive the benefits of the Relief Act?
- When will a waiver made by a guarantor be valid under the Relief Act?
- When is it possible to repossess goods from the dependents of a service man without a court order?
- Can a service man's wife be evicted for nonpayment of rent?
- Why is it necessary to ascertain whether a person is in military service or not before bringing action against him through the courts?
- When is it necessary to file an affidavit as to the military service of the defendant?
- Can a service man secure a stay of proceedings in connection with a judgment entered against him prior to his induction?
- Can a service man succeed in having the carrying charges reduced to 6 per cent per annum during his military service in connection with an installment contract made prior to his induction?
- Does a storage company require a court order to enforce its lien against a service man's goods?
- Is the period of military service to be used in computing the time within which a debt will be outlawed?
- What relief does the Relief Act provide in connection with income taxes owing by a service man to the Government?
- How long will the Soldiers' and Sailors' Civil Relief Act...

MR. EUGENE B. POWER
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313 NO. FIRST ST.
ANN ARBOR, MICH.